The Climb to Retirement

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Special Interest Articles

Individual Highlights

More than a million people retire each year at an average age of 62; and odds are they'll live to 85 or more. **Are you ready to live for 20 years or more from your savings?**

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Think of a retirement savings plan like a hike in the mountains. Just like hiking, there will most certainly be ups and downs along the way. An advisor's role is similar to that of a guide on the trail; helping lead you to the final destination to achieve the set goals. In this newsletter I plan to be the guide and walk the reader up the trail to a successful climb.

Your Twenties:

Planning should start in the early twenties and continue through retirement. But, remember it's never too late to start. Even though lifetime goals have not yet been finalized at this point you should start packing for the adventure. Here are a few items to include:

1. Set up an individual investment account with a trusted financial advisor, or open one with a selected brokerage or bank.

2. Even though at this point many bills are coming in, contribute as much as possible to a voluntary tax-deferred retirement plan. The advantages of this should not be passed up.

3. Don't forget to have a small rainy day fund. You will need money for unseen events.

Hit the Trail once you're packed.

Your Thirties:

You'll most likely have larger expenses in your thirties than in your twenties including college, a new home, an engagement ring, or supporting a family.

Remember that short term advances are just that. While it's fun to buy all the latest gear, balance spending so the basics are covered. Remember to check on the following during this time period:

1. Make sure the investments continue to be sound. Fads come and go. While money can be made in 'green' technology, it may not be popular in a few years. Check with an advisor on your selections.

2. Review insurance policies annually. During the twenties many people build up a sizable amount of personal items that should be protected. Some of these are car(s), furniture, jewelry, a home, and your own life and health. Remember the value to the family if a tragedy were to occur. We can provide assistance in getting the best value for the policyholder.

3. Finally, have a will. If one exists review it each year so the family's wishes will be followed. Accidents can happen when climbing the trail. Don't forget the other forms either. They are a health care power of attorney, a durable power of attorney, and a living will.

"Retiring early so you can enjoy life, travel, or spend more time with your family is something to look forward to. But, you have to remember to plan for it."

Start to feel the Burn

Your Forties and Fifties:

Now you're earning more than in your younger years, but spending will increase too. Expenses for children or for a new home can cause savings to slow down. Make up for it later by pushing forward. But with a steady pace in your earlier years you'll have a camp to go back to. This 'base camp' will allow investments to continue to grow. Even with valleys to cross, the climb will start from a higher altitude, further securing your chance to reach set goals.

At certain points the savings will increase as children move out, mortgages are paid off, and possible inheritances are received from relatives. Now you'll gain secure footing and the likelihood of increased investments will further secure the goals. You may want to talk to an advisor about investments to save on taxes, and other financial products such as annuities.

The final push to the summit.

Your Sixties and Beyond:

This is a good time to consider less risky investments. However, remember the end of a climb is generally the steepest. And with expenses rising and cost of living increases, you'll need to make sure the pack is filled with enough supplies for the hike back down. Living into the nineties and beyond is a possibility. Having a base is needed, but also is replenishing a certain percentage of your investments. A good plan will show just how much a person needs for their situation and goals.

Here is a short list of items to consider and discuss with an experienced professional:

1. Shifting investments to produce more income with fewer risks, in case of a downturn in the financial markets.

2. The impact of not working and how taxes will impact savings and income.

3. Rolling over retirement accounts and any special payouts to preserve their tax – deferred status.

4. Some decisions may be driven by either your healthcare or by laws established by the government and various agencies.

5. Setting up an estate plan that distributes assets according to family wishes. This can include options such as setting up trusts and other financial arrangements to pass the most wealth to heirs and charitable organizations.