

WHAT HAVE YOU FACTORED INTO YOUR RETIREMENT?

Vol.5 Spring 2011

There is an old saying that states, "If you fail to plan, you plan to fail". This conveys a principle which is particularly true in regards to an individual's retirement. Ignoring the situation is not going to make it go away. Sooner or later we will all be on the eve of retirement, and by then it is too late to make the necessary preparations. The time to act is now. So let's take a look at some financial factors that should be addressed.

"Retirement Hobbies": Your retirement has to include an additional 45-50 hours of leisure time each week, over 2500 hours per year. What you do with that time will determine whether you have an active lifestyle or get bored.

A recent US survey found that 23% of the respondents felt that retirement planning and developing retirement hobbies was necessary. Determine what you will do with your leisure time. Start with discussing this with your partner; then list what you will do together and what you will do independently. Make up a retirement calendar to see if you can fill up your day. Free time is great, but too much free time can lead to boredom, and that is definitely not a fun option.

"Live Long and Prosper": That is the Longevity factor! It is good news/bad news; the life span has increased, that is the good news. The bad news is that many of us may outlive our retirement plan. When you are planning your retirement investment strategy, remember that people retiring at 65 have a life expectancy of 20 years. A couple that retires at 65 has a 50% chance that one of them will be alive at 82. One in four will have to stretch their savings to age 97. Women in particular should pay attention to the longevity risk, since they will live longer than men according to actuarial projections.

"Inflation" is not dead; it is just sneaking up on you. It doesn't come along and make a deduction from your checking account each month. You don't write a check to the Department of Inflation at the end of each year. Yet the results can be disastrous if you forget to factor it into your calculations. You may begin retirement thinking everything is fine, only to find your lifestyle becomes cramped due to increased costs of living. At only 3.5% inflation that nest egg will lose half its purchasing power in 20 years, 65% in 30.

Want to know the most unpredictable and out-of-control element that can cause your retirement plans to fold like a house of cards?

"Healthcare Costs": A recent study calculated that a retiree would need \$200,000 just to finance their healthcare. A recent survey reveals that nearly 30 percent don't know what to expect for health-care needs in retirement. Furthermore, although science has increased our longevity, it has come with a high price.

Conclusion; some old adages are still true. The difference today is that a long retirement can be a blessing but, you have to plan.

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"What are good books about personal finances?"

The answer depends on what you want to learn and your personal perspective, but let me give you a few of my favorites and who they might appeal to. First for those who can't bring themselves to read; "The Richest Man in Babylon" by George Clason. This is a basic book on savings, in story format. Another for the younger reader is "The Wealthy Barber", by David Chilton. Another story format covering the basics of establishing a good basis of saving and investing. A more recent book and very good for explaining the case for low cost index investing is "The Elements of Investing" by Charles Ellis. If you are thinking about retirement, "The New Retirementality", by Mitch Anthony is a thought provoking book. If you find no challenge in the books above try "The Intelligent Investor by Benjamin Graham, written in the 1950's, it is still relevant.