



10 THINGS TO PREPARE FOR YOUR RETIREMENT

(SO YOU DON'T HAVE TO WORRY)

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If you are like most Americans, the prospect of retiring soon is both exhilarating and nerve-wracking. On the one hand, not having to go to work every day seems quite appealing. On the other, how can you know if you're ready for retirement?

Fortunately, you still have time to figure everything out and prepare for your golden years. This e-book will cover the top 10 worries that most individuals have about retirement and what you can do to address them. Whether retirement is just around the corner or over a decade away, planning today can give you peace of mind tomorrow.

The Problem: Too Little Money for Retirement

One thought that can keep pre-retirees up at night is the prospect of not having enough money to fulfill their plans. In fact, roughly 60 percent of Americans lose sleep because they're worried about this problem.

There are a couple of issues at play here. First, it is impossible to know how long you will be retired, so saving enough money can seem out of reach. Second, your expenses will only increase as you get older, particularly healthcare costs. With so many variables, how can you be sure that you're going to have enough?

The Solution: Use a Retirement Calculator

Because everyone's situation is unique, you cannot always rely on general rules and saving tips. Instead, a retirement calculator can help you assess your needs far more accurately. Fortunately, these programs are widely available and often free to use. We recommend using the total as a baseline. Try to aim higher if possible, but if you can reach that number, you should be okay financially.

The Problem: Not Saving Enough for Retirement

According to recent data, just under half of all Americans have less than \$10,000 saved for retirement. While this percentage does not differentiate pre-retirees from younger workers, it illustrates how far some people have to go.

As a general rule, you should be saving 15 percent of your income. This way, you can build up a reliable nest egg that should carry you through retirement. Unfortunately, only 10 percent of Americans are doing so, which indicates that the majority are saving less, if at all.

The Solution: Prioritize Saving

Ideally, you should be contributing to multiple savings accounts. The two most common are IRAs and 401K plans. If your company offers a 401K or something similar, take advantage of it.

Even better, some employers will offer matching benefits up to a specific amount. In that case, you want to get as much free money as possible. Even if the cap is relatively small (i.e., \$5,000), maximize your earnings every year that you can.

One way to ensure that you get into the habit of putting money away is to pay your retirement accounts first. Using the 15-percent rule, you should save those funds as soon as you get paid. All too often, individuals spend first and save later. By reversing that mentality, it is easier to stay on target.

If you find yourself struggling, identify any pain points and work on relieving them. For example, if your mortgage is too high, perhaps you can refinance it to save on monthly payments.

The Problem: Having Too Much Debt

In a perfect world, you would be debt-free by the time you retire. Either that or you would only have debt for a few years, such as a mortgage loan. Unfortunately, the reality is that more individuals are retiring with debt, and the trend is only going upward.

In 2016, the median debt range for retirees was over \$31,000, two and a half times more than it was in 2001. Currently, the majority of retiree households (60 percent) retire with debt. This data suggests that you will likely face a similar situation once you stop working.

The Solution: Debt Restructuring and Consolidation

One reason that debt is so hard to shed is that it can come with high interest rates. Yes, your monthly payments are relatively low, but you wind up paying more over the long term. If you can lower your interest, you might wind up saving thousands of dollars.

Now is the time to start figuring out options for debt consolidation and restructuring. In some cases, you can go to credit counseling to determine the best solution. In other situations, getting a personal loan with a lower interest rate may be sufficient. From there, you can calculate when you'll be debt-free, assuming that you do not take on any more liabilities.

The Problem: Not Enough Healthcare Coverage

One of the biggest issues with retirement is that your health can get in the way. As you age, your body will start to take longer to heal, and you will be more prone to diseases. To help ensure that you get to enjoy your golden years, you'll need adequate health insurance. Unfortunately, most plans are given through work, meaning that you can't take it with you when you retire.

The Solution: Start Planning for Healthcare Now

All retirees can qualify for Medicare, but it will only cover a portion of your total costs. Now is the time to develop a comprehensive and long-term health plan to reduce your expenses as you get older. For example, adjusting your diet and exercise regimen may enable you to cut back on various medications. Talk with your doctor about preemptive steps you can take to get healthier without having to seek medical attention.

The Problem: Earning Too Little During Retirement

Along with Medicare, you'll qualify for Social Security once you reach 62. To help increase your SSI earnings, you can wait until age 70 to start taking benefits. Also, if you retire later, you get to pay into the system for a few more years, which can increase your overall earnings.

Unfortunately, social security is not enough to live on for most retirees. Beyond SSI, you'll most likely receive required minimum distributions (RMDs) from your IRA or 401k. However, what if that's not enough to cover living expenses?

The Solution: Create Multiple Revenue Streams

One of the basic tenets of investing is to spread your money around so that there is less risk involved. The same principle works for retirement income. We suggest investing in multiple revenue streams, even if you keep working in some capacity. As long as you like what you do, you can still enjoy retirement.

The Problem: Providing for Loved Ones When You're Gone

As you reach retirement age, your focus starts to shift toward your legacy. What are you going to leave behind for your children and grandchildren? Have you thought about it yet? What happens if you die sooner rather than later?

The Solution: Start Estate Planning

By age 65, you should have a will in place. If not, it's time to draft one. When it comes to estate planning, consider all of your assets, including any life insurance policies. Insurance coverage can be an easy way to provide financial assistance to your spouse or children when you're gone. Keep in mind that the sooner you shop for a policy, the cheaper it will be.

The Problem: Having to Cut Back on Your Lifestyle

As you get older and your income grows, it's only natural to become accustomed to a particular way of life. However, once you retire, you need to be able to sustain it. In many cases, retirees are worried that they will have to make significant cuts to fund their plans. In some instances, they may be concerned that cuts are necessary to stay afloat at all.

The Solution: Focus on What Matters Most

First, it is crucial to develop a budget for your golden years. Since your nest egg is a finite amount, you don't want to blow through it before you're ready. However, when creating a budget, consider which elements are the most vital to you.

For example, if you plan to travel a lot during retirement, you may not need to maintain a large property. In that sense, downsizing isn't an act of desperation but a way to adapt to your new lifestyle. Now that your time isn't spent on work, you can shift your priorities accordingly.

The Problem: Retirement Isn't What You Expected

Even if you have plenty of money to retire, you could still face a significant problem: lack of fulfillment. For many individuals, the lack of structured time can make it hard to adjust. At first, not having to go to work will seem like a treat. However, after a few months of laying around the house, it doesn't have the same appeal it did at the beginning.

The Solution: Find Your Purpose

One way to look at retirement is as a new beginning. Rather than focusing on what you won't be doing anymore, focus on what you will be doing with your time. What matters most to you? Do you want to see the world? Spend more time with your kids or friends? Develop a new skill? Finding a purpose can not only make retirement more exciting, but it can help you live longer.

The Problem: Retiring Too Late

Let's say that you've calculated how much you need to retire, but you've discovered that you won't reach that total until you're 73. The prospect of potentially working for another eight years can be depressing.

The Solution: Work More Now

Instead of working longer than planned, you can make up the difference now, while you still have time. For example, if you are in your mid-50s, you can pick up a side job and work it for the next six to eight years. This way, you'll accelerate your savings and get to retire at a reasonable age. Even better, you might retire early.

The Problem: No Plan for Long-Term Care

While healthcare is a primary concern, what will you do if you can't take care of yourself anymore? Continuing care facilities can be prohibitively expensive, which means that your options will be severely limited.

The Solution: Figure Out Solutions Now

In many cases, you can lock in a lower rate at a continuing care facility by reserving your spot early. Also, now may be a good time to compare different locations so that you know what to expect if and when the time comes.

Alternatively, you can talk to your children and relatives about assistance options. For example, perhaps you only need help with specific activities like driving. If that is the case, it makes more sense for a family member to assist you, rather than paying someone else.



Contact Us Today

If you are worried about retirement, you are not alone. Fortunately, we can help. No matter how close or far off retirement is for you, now is the perfect time to develop a financial strategy. We will work with you to assess your current situation and plan for the future. Contact us today to find out more.

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