

Three Major Retirement Hazards to Avoid

Retirement can mean the beginning of a new life. Here are a few common dangers to avoid.

Retirement planning is a tricky process, and one that requires careful planning and patience. But even if you have a retirement plan and a clear set of visions and goals, not just financially, but for your lifestyle, it's important that you be aware of several common missteps that many, even those with a plan, fall victim to.

Underestimating the Costs of Healthcare

As healthcare costs continue to rise dramatically, employers are also shifting more weight of the costs onto their employees. Many companies are beginning to drop retired workers from their health plans, and on top of that, millions of Americans have no form of coverage at all.

So one of the most common mistakes made in retirement, is a lack of preparation for the financial impact of your health. One of the most overlooked and most expensive costs is long-term healthcare. Long-term health costs can be devastating to a financial plan, so buying long-term care insurance early on can help lower its costs immensely.

Misjudging How Long you or your Spouse Will Live

A common assumption is that you should have enough retirement assets to last you until your life expectancy is reached. But today, the world is an ever-changing place. As medical technology increases along with life expectancy, the odds are good that at least you or your spouse will live past age 90. So it's vital that you are prepared to live longer.

Presuming you'll Work a Long Time

Your generation is famous for working long, hard and abnormal hours to get ahead. And most baby boomers agree that they'll be working long into retirement. But that can be one of the biggest retirement mistakes you make. As of now, the average age of retirement in America, is 62. According to the Employee Benefit Research Institute Retirement Confidence Survey of 2007, among retirees who had to leave the workforce earlier than planned, 28 percent did so because of disability, 28 percent because of layoffs or corporate restructuring and 25 percent to care for a spouse or family member. So even if you want to work as long as you can, it may not always be possible and it's vital that you plan and save for such a scenario.

Retirement could be the beginning of many great years. Working with a financial professional and having the proper plan in place is a key part of retirement. You should also keep an eye on healthcare costs and stay informed on issues that will affect your retirement. You should always be focused on your plan and be aware of some common pitfalls. That way, you can be prepared to make the best years of your life as good as they can possibly be.

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