PERSONAL FINANCE

justinCONNORS

Financial Advisor Justin Connors, MBA can be contacted at Connors Wealth Management in Cocoa Beach at (321) 868-0732 and in Viera at (321) 241-4000 or Justin.Connors@lpl.com. For more information, visit ConnorsWealth.com

Planning for the Reality of Retirement

DOING WHAT MOST WON'T

Many investors aren't addressing the realities of retirement planning. Here are some of the worst mistakes being made today.

Underestimating Life Expectancy

Twenty-five years ago, insurance companies estimated life expectancy at 83 years. Despite the volumes of media coverage generated over recent years about our increasing life spans, many investors still underestimate – often severely – just how long they could live. This plays havoc with retirement planning and finances. Recently, a 90-year-old woman told me her friends were planning a party for her with 150 guests when she reached 100.

Many financial planners now develop retirement plans based on life expectancy of 90 to 95 years. While people understand it intellectually, the implications of longevity haven't been an integral part of their thinking.

Failing to Consider Long-Term Care Needs

The question you must ask yourself is, "Could your nest egg cover the potential cost of long-term care?" Premature long-term care can be steep and difficult to cover. However, the

> "Big withdrawals from your nest egg early in your retirement can seriously crimp your spending in later years."

notion of spending a few thousand dollars a year for long-term care insurance, versus the possibility of hundreds of thousands of dollars in the future, is smart money management.

Making Large Loans to Family Members

You're retired or on track for a comfortable retirement. A family member asks you for a large loan for a house, college, or to start a business. Many times, you're not in a position to be as generous as you would like. Big withdrawals from your nest egg early in your retirement can seriously crimp your spending in later years.

Underestimating Expenses in Retirement

Don't think you'll be spending a lot less money when you retire – forget all the old rules. Today, many retirees are healthy, they travel more, and they're fixing up their houses. Maybe their spending slows in later years, but not at first. If you don't have a handle on current cash flow and expenses, you can't get started on retirement planning.

Focusing on Your Nest Egg to the Exclusion of All Else

The lesson here is, while the need to grow your nest egg is critical, you cannot focus only on finances and neglect the most important part of later life. How are you going to spend your time and fill your days?

Many of us don't prepare well to retire. Some invest money fairly consistently along the way, but don't prepare their life for smooth and fulfilling transitions. Failing to plan can mean planning to fail. It's important to create a financial plan, which should serve as the blueprint for your retirement. Review this plan at least once a year to make sure you are staying on track, and not letting investment statements, market returns, or television shows cause you to make emotional decisions with your investments, as these decisions may be detrimental to your long-term retirement goals. ◆

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Independent Financial Partners a registered investment advisor. Independent Financial Partners and Connors Wealth Management are separate entities from LPL Financial.