

6 blunders to avoid in Retirement

You're approaching one of the biggest milestones in your life – Retirement!

For many retirees, this is a very big decision that will allow you to spend time with your family, enjoy travel and your hobbies and finally relax. But for many, retirement may create fear and apprehension: do I have enough money to do all we want, will it last for our lifetimes, how do I manage my 401k to get income.

All of these are important issue and why you need to avoid the common mistakes and bridge the gap to retirement.

1. Failing to adequately account for all the taxes you will pay.

Did you know most of your retirement income is taxed? Do you know you could be in a higher tax bracket in retirement due to required minimum distribution added to your social security and pensions? It is important to estimate your taxes when planning.

2. Failing to include your “Extra” expenses in your Retirement plan.

Most people assume the old rule of 70% of your income is enough to retire. We have found that rule doesn't work for everyone. When you retire will you spend more money on travel and hobbies because you have more time? Will you want to help your grandchildren with college? Will you ever buy another car? All of this is part of a good planning process.

3. Underestimating the cost of Healthcare with Medicare.

When you go on Medicare – healthcare is free – right? Not quite! There are co-pays for your Medicare plan plus you will need a Medicare supplement policy which can cost several hundred dollars a month depending on the plan you choose. Failing to account for these costs and mean let money for enjoying retirement.

4. Claiming your Social Security too early.

For many retirees, Social Security is a major source of income, but claiming as soon as you are eligible for benefits can cost you hundreds of thousands of dollars over your retirement. A good retirement plan reviews all your income options and helps you evaluate your options as part of your plan.

5. Failing to understand your longevity.

Most people think they will live into their mid-80's when they plan for retirement. What if you live to 90? 95? Or even 100? For a 60-year-old today in good health, it is quite possible to live into your 90's, so planning for a long life is important to your spending in retirement.

6. Failing to plan for your loved ones.

It's common to have family members have unexpected financial needs that you want to help them with after you retire. Maybe college for grandchildren or maybe medical costs for an aging parent or expenses to help your parents stay in their home longer. Maybe it's a dream trip for your family. All of these could derail your retirement plan unless you budget for their possibilities. A robust financial plan will review these as potential options.

Consult with a Financial Advisor

Before you retire, you may need to talk with a professional. A fiduciary financial planner will help you with a personal approach to your specific retirement needs. They will walk you through what you need to know and help you determine if your current savings and investments will provide you with enough money to pursue all your dreams. They can also help you review your current lifestyle to see what expenses you will have in retirement and help you plan to avoid the 6 blunders and have an enjoyable retirement.

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