July 2016 Article

Title: “Money Gives You Choices”

As you’re sitting on the beach or at the lake enjoying the freedom of summer vacation the last thing on one’s mind is retirement. Well it really should be on the fore-front of your mind. Retirement is changing and like any change we must change with it.

1) Retirement is more than money. We are living longer… 20 or even 30 years longer than our parents and this presents new challenges. Issues like long term care, finances, technology and public policy. Also, longevity gives us an opportunity to work longer, try a new career, volunteer to help others and even take time to finally smell the roses.
2) Retirement is out dated. We expect to retire at 65. It has been said the new 65 is an old 40 year old. With healthier and longer lives a 40 year career to support a 30 year retirement may have one looking to find part time work to supplement their income.
3) Longer lives require better saving habits. Our parents had a pension plan that with social security provided a stable retirement. Today the corporate pension plan is now the personal pension plan and I believe most people are ill prepared for retirement. The spending habits early in a person’s career went to home, cars and kids, forgetting to fund their personal pension (retirement savings).

So what do you do to get ready for retirement which will be here sooner than you think:

1) Crunch the numbers. Add up your pension and social security income per month and find out your current expenses and add higher health costs and potential hiring of service people like person to clean your home, mow your yard, take you to the doctor, even change your light bulb. Things you do for yourself but may need assistance with so you can keep your independence. Figure your nest egg should be large enough to pull a 3% income so you will be able to increase your income with inflation. So, if you need $30,000 a year of additional income then your nest egg needs to be $1,000,000 invested or in retirement.
2) Here is a simple way to track. At retirement you should have 10 times your salary. At age 60 eight times, 50 six times, 40 three times and 30 one times in retirement savings.

What to do? Treat your retirement as a bill more important than your mortgage, car or boat; increase your contributions to your retirement; consider retiring later; and seek professional help. Saving for retirement is much easier then retiring underfunded. Money gives you choices.

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