

# THE REALITY OF INVESTING DURING RETIREMENT

## AS RETIREES LIVE LONGER, THEIR PORTFOLIOS NEED TO BE STRONGER

Decades ago, the typical retiree left work for good between age 60-65 and typically passed away at about 70-75. Retirement lasted 10-12 years for many Americans. Now the picture has changed: some of us will spend 30, 40, perhaps even 50 years in retirement. (Imagine retiring at 55 and living to be 105...it is possible.) We may live much longer than our parents, and if we do, we will need a lot more money.

### A slight shift in outlook

Years ago, retirees were urged to invest conservatively -- often, very conservatively. The idea was to build up your savings and net worth aggressively across two or three decades, and then adopt a risk-averse investment strategy for the golden years. But the reality of a 20- or 30-year retirement has changed that mentality.

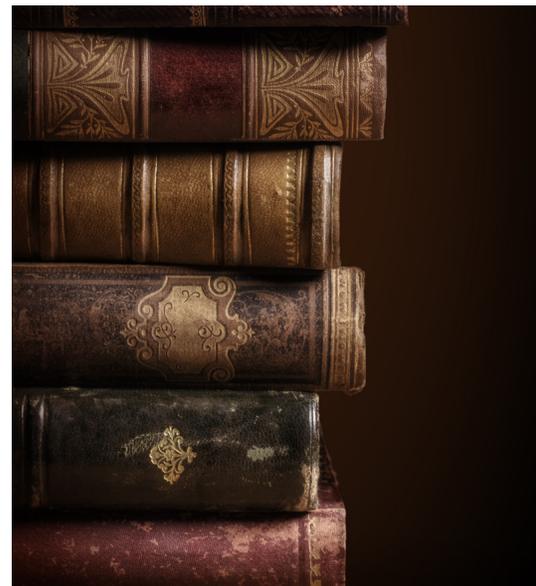
The new presumption is that today's retirees should never retire from accumulating wealth. Most Americans will not walk away from their careers with assets equivalent to 20 or 30 years' worth of income. If you have \$3 million in assets today, you may think you'll have \$100,000 a year to live on for 30 years. Sounds great, right? But that may not be enough. Questions of liquidity and taxes aside, what about the runaway costs of healthcare? What about the effect of inflation across 30 years — do you remember what a gallon of gas or milk cost 30 years ago?

### A new reality

You're now seeing people in their sixties with the kind of portfolios that people used to have in their forties — portfolios with stocks, mutual funds, and other investments with appreciable risk. Sometimes they have to invest this way because they haven't accumulated sufficient wealth for retirement. Or, they are simply being pragmatic about their long-term need to sustain wealth and keep their retirement assets growing.

### What kinds of investments should you retire with?

The answer to that question can only be determined after you carefully consider some variables, such as the age at which you retire, the assets you have saved up, the lifestyle you want to enjoy, family and health considerations, and how comfortable you are with certain types of investment. Be sure that you speak with a financial advisor who specializes in retirement planning before you make a decision to revise your investment portfolio. Even if you are 10 or more years from retirement or plan to keep working into your seventies, I think you will find it eye-opening and useful. Most people underestimate their retirement income needs.



Ronald Niclas CFP CWS EA MBA  
RCN Wealth Management, LLC

(201) 746-9222

r.niclas@rcnwealthmanagement.com

These are the views of Peter Montoya Inc., not the presenting representative or First Allied Securities, and should not be construed as investment, tax or legal advice. Securities offered through First Allied Securities, Inc., a registered broker/dealer. Member: FINRA/SIPC. Advisory services offered through First Allied Advisory Services, Inc., a registered investment adviser.