Bob and Lisa don't want to ruin their retirement.

My new clients – let's call them Bob and Lisa – are like many of my young clients. Even though retirement is a long way off, the thought of kicking back and enjoying the fruits of their years of labor is high on their list of dreams. During our initial meetings together, we have talked about how easy it is to ruin one's retirement, and that lots and lots of people are dead-set on turning the dream into a nightmare. Bob and Lisa are determined to not do that, and so they asked me to help them along the way. Here are the things we are going to try to avoid:

Number one, the folks who want to ruin their retirements are **financially disorganized**. All the pieces and parts of their financial lives – investments, insurance, loans, retirement and bank accounts, you name it – are scattered about and being handled by different people. No one is in charge, and the parts aren't working together efficiently, if at all.

For example, everything in Bob and Lisa's life that has a dollar sign in front of it – car insurance, 401(k), mortgage, their paychecks – falls into one of four categories: **Protection**, **Assets**, **Liabilities**, and **Cash Flow**. I call them their four **financial domains**. When I began work with them, I started by organizing their financial information so I know where everything is. Next, I'll make sure that the domains are in balance so they're working together efficiently. For example, many people don't understand how their car insurance can affect their ability to grow money in a retirement plan. My job is to explain these things and help Bob and Lisa fix them if they're not right.

Secondly, a lot of people woefully underestimate the **true cost of living**. They might take into account things like inflation and taxes, but they hardly ever think about planned obsolescence, upgraded lifestyles, new technology, unexpected events, and all the other money drains in life that can affect them. For example, Bob and Lisa are many, many years away from the possibility of needing long term care. However, as a married couple, there is a very good chance that at least one of them will live to be 90 or more, and might need long term care. As a retirement cost of living, it's a potential biggie that could destroy their plans in no time. I want to make sure we have a strategy for dealing with it, long before Bob and Lisa have the need.

Finally, many people planning for retirement continue to adhere to the myriad **myths** that the "financial entertainers" on TV, the Internet, and in the check-out line tabloids foist on the American public. Things like "just max out your 401(k) and you'll be fine", "buy term insurance and invest the difference ", "rate of return is more important than rate of saving", and other myths. The old cliché says that what you don't know can't hurt you. While I'm not too sure of that, I do know that what you *think* you know is true – but really isn't – *can* definitely hurt you financially. So, I'm going to show Bob and Lisa that many of the so-called "financial truisms" might not work in real life.

Taken together, these three steps – financial disorganization, underestimating the true cost of living, and believing in financial myths – are likely to ruin retirement for a lot of people. However, Bob and Lisa don't want to be those people. In my next few articles, I'll share with you their journey to financial well-being. Some of the work we do together might even inspire you to work on your financial plan with me, as well. Join us next month.

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