

Controlling the Flow During Retirement

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During your working years, your retirement planning is fairly straight forward. The name of the game is to earn money, set it aside and nurture it to make it grow. Usually, the bigger your pool when you retire, the better. Our first job as your financial consultant is to help you find ways to achieve that goal of filling the pool.

About five to seven years before retirement, the game starts to change. You start looking at releasing some of that you've poured into the pool. Your strategy becomes more like operating a reservoir dam. You need to let some water (money) out. How much and how fast is a tricky decision. You want to let out enough so that life downstream can remain healthy and vital.

You also have to look upstream from the dam at what's filling the reservoir. During your working years, your income did most of that. During retirement, salary and wages have dried up, so to speak. What other sources – Social Security, inheritance, income from investments – will be flowing into the reservoir? What could threaten those sources, reducing them or causing them to disappear entirely?

Between the inflow and the outflow is the reservoir, the water reserved for possible drought. You have to balance the amount coming in against the amount going out to keep the reservoir at a safe level. If inflows decline, you may need to slow the outflow to avoid draining the reservoir too soon. Someday, you will turn the reservoir over to the next generation. How much do you want left in the pool when that time comes? These legacy desires will also impact how much you need to flow in and how much you can allow to flow out.

Our job is to serve as sort of a civil engineering consultant for your reservoir, helping you find the cracks in the dam, looking for additional sources of inflow, and monitoring outflow to avoid prematurely draining the pool.

If you aren't ready to become the civil engineer of your retirement, we can help you create a customized strategy to optimize the inflows and outflows of your retirement reservoir and what remains in the reservoir is transferred according to your estate planning goals.

Please call our office for a complimentary appointment. Our team is ready to help and we look forward to bringing you our ideas on how to maintain the balance you want in retirement.

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