



Retire On Time

Retirement planning isn't something that gets a lot of attention until some event triggers concerns about retirees' financial future. The market melt-down of 2008 has certainly gotten the attention of many soon-to-be retirees.

Why is planning important? According to the Employee Benefit Research Institute, just 14 percent of Americans believe that they have enough to retire comfortably, while 37 percent of Americans expect to work past age 65 — whether they want to or not.

There are four principles you can focus on to make sure your retirement has the best chance to be successful:

ELIMINATE DEBT

This should be obvious, but holding on to a lot of debt such as credit card balances isn't good planning. Never settle for making just the minimum payments on credit cards. It's financial suicide on the installment plan. It makes compound interest work against you. The same goes for fixed debt such as your mortgage or auto payments, even though they are less damaging.

BUILD A CASH CUSHION

Retirees should be concerned with unexpected expenses. Add up your insurance deductibles on your auto, home and healthcare policies. This will give you a base to start from. From there, add in any unbudgeted needs, and keep these funds in a safe, accessible account.

INVEST FOR YOUR TOTAL RETIREMENT

Many retirees are inclined to invest very conservatively. But being too conservative is risky. Interest rates are at historic lows. Chances are, one spouse will live well into his or her 90's. Achieving growth to overcome inflation remains important to fund a retirement that will last for decades.

PLAN FOR THE UNEXPECTED

Rules of thumb, such as spending 4 percent of your retirement savings per year, don't always take into account your unique needs. Stress testing your plan helps you understand your personal retirement limitations and makes sure your plan can survive the unexpected. Unless you have a crystal ball, it is best to factor in different spending scenarios.

By keeping these four principles in mind in your planning, you can make your retirement more secure. We can help you prepare for a successful retirement. Please call us to help shore up your plan. ☎



Paul Giehm
Senior Vice President