ESTº 2002

SUREVEST

WEALTH MANAGEMENT

Retirement Planning – Where Do You Start?

There is no need to feel overwhelmed by the prospect of planning your retirement. There are really two sides to retirement planning.

1) The financial side is traditional financial planning where you determine if you have enough money and where your income will come from each year for the rest of your life.
2) The personal/emotional side is where you answer the question: What do I want to do with the rest of my life? Money is simply a tool that should enable its owners to live lives they love, create memories they treasure, and establish legacies that express their deepest values. The problem is most people do not have a clear picture of what they truly want. I recommend finding a financial advisor who can guide you through life's transitions and help you figure out how to live a retirement that will leave you without regrets. This personal/emotional side of retirement planning is often referred to as "financial life coaching," and it can really **help people make the transition into retirement.**

Most pre-retirees are more focused on (#1 above) traditional financial planning. To that end, financial advisors use various programs to determine the likelihood of a retiree outliving his or her money. The output of any retirement planning program will only be as good as the data you put into it. That's called the "garbage in, garbage out" principle. So, you need to provide your financial planner with reasonably accurate numbers in the following areas:

- **Planned Spending:**
  - Core retirement living expenses – How much you plan to spend in after-tax dollars each month/year, and
  - Large infrequent expenses – This includes items such as cars (if you pay cash), home remodeling/updating, etc.
  - One-time expenses – a child's wedding, vacation home purchase.
  - Also factor in whether or not you have expenses that end during retirement (e.g., mortgage)?
- **Financial assets** – You will need a list of all your accounts (e.g., 401k, IRAs, cash in the bank, real estate) and all your liabilities (mortgages, car loans, consumer debt).

- **Retirement income sources** – List the expected amount and potential start dates for Social Security, pensions, annuities, rental income, and part-time employment. Also, list expected one-time inflows such as selling a piece of real estate or an expected inheritance.

You can also expect your financial advisor to ask you about your risk tolerance, preferences, and past experiences.

Naturally, it is impossible to know exactly how much you will spend five or ten years from now. Don' worry. Your initial plan is not going to be perfect. The goal is to forecast as close as reasonably possible and then update the plan based on actual spending and actual investment returns.

Financial planning is not a one-time project but an ongoing process, kind of like landscaping (but less painful).

A good article related to investing your money in retirement is: **Volatility Matters for Retiree Investors.**

A good article related to the personal/emotional side of retirement planning is: **Life Planning: The Key to Great Financial Planning?**

Have a great weekend.

Jeremy Kisner

Director of Financial Planning and Senior Wealth Advisor