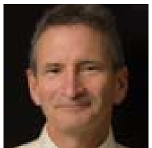
« Advisor Insights

What Does Retirement Mean to You?



Steven Podnos, CFP®, MD | May 1, 2017

+ FOLLOW

FREE CONSULTATION

Here are some of the questions we deal with when talking with people contemplating retirement (and in the early years of retirement):

- Which accounts should I be drawing money from, and how much each year?
- When should I take Social Security? My Spouse?
- Should I really completely retire?
- Are my investments suitable for my goals?
- Am I spending (or planning to spend) too much or too little?
- What should I do with my house, and when?
- Will my assets pass in the right way to my heirs?
- Am I doing everything I can reasonably do to minimize taxes?
- Are my assets reasonably protected from creditors?

The questions often seem overwhelming. The answers are different for every family, and sometimes the answers change with time. The consequences of not considering these questions and the right answers can make a tremendous difference in the quality of one's retired years. Many of these questions are appropriate well before retirement, but the difference is one of timing. If you make mistakes early in your earning career, you can probably recover. If you make large financial mistakes as your earned income stops, your ability to recover is markedly compromised.

Estate Planning and Asset Protection

It is important to integrate estate planning with asset protection goals in mind. These two goals sometimes produce opposite recommendations and actions. Each situation must be considered from a personal level. For example, a couple early in retirement and reasonably healthy may opt for an asset protection goal rather than making it easier for heirs to inherit two or three decades later.

Drawing income from the right accounts can be integrated with tax planning to minimize the government's share. Just a few percent difference in money left in your hands each year can make a large difference in your quality of life.

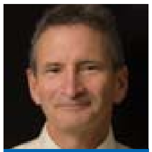
Spending in Retirement

Spending concerns are often evident in the financial planning process. It is not unusual to encounter individuals and families about to retire with completely unrealistic plans to withdraw large sums each year from the start of retirement. These people need to either change their desires, or keep working. We often discuss working longer in at least some capacity for both mental health and financial reasons. Retiring in one's early 60s when life expectancy is pushing nine decades doesn't make sense for many of us.

It is easy to start with a safe withdrawal rate, but this should be modified by factors such as a highly desired lifestyle early in retirement with the acceptance that more age may entail less spending. Safe withdrawal rates are rarely a "set and forget" process, but instead need regular adjustments in both directions (up and down).

If you are approaching retirement, give some thought to these questions. Make sure you have some answers that fit your personal situation and goals before you make the plunge.

(For more from this author, see: *How Inflation Impacts Your Financial Planning*.)



+ FOLLOW

Podnos, Steven
Merritt Island, FL
www.wealthcarellc.com/