



CALLESEN
WEALTH MANAGEMENT

RETIREMENT GUIDE

Giving you the confidence to proceed.

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With all of the possibilities that the future holds, how can anyone retire with confidence? What can you do to prepare and have any degree of clarity about your financial future?

The answer is simple.

Confidence and clarity come from having a plan.

On the following pages we will present a **Five Step Retirement Planning Process** to help you prepare for retirement with confidence. One of the biggest risks retirees face is running out of money during retirement. In this Retirement Guide, we address the questions that most families face as they consider retirement: “Will I make it?” and “What can go wrong?”.

“Will I make it?”

At the heart of it, this question is about facing your retirement with confidence. You may have questions such as: “Will I be able to retire on my own terms?”, “Can I leave an inheritance?” and “Can we travel to the places we want to see?”. A thorough and robust planning process can answer these and other questions.

“What can go wrong?”

With advancements in healthcare, it is possible your retirement could last 40 years or more. Your retirement money needs to last that long as well. Many things can happen in 40 years that could derail your retirement dreams. It is critical to anticipate common problems and have a plan in place to address them.

Insight - In the last 40 years, there have been four recessions ¹, six bear markets ² (market drops of 20% or more) and an average of one correction (10%+ drop) per year ³ in the stock market. Of greater concern is inflation. Inflation has risen 303% from 1977-2019 (see - www.usinflationcalculator.com). Unlike market corrections, inflation is a constant threat. If it goes unaccounted for, inflation could do great damage to your retirement plans, as demonstrated in the graph below.

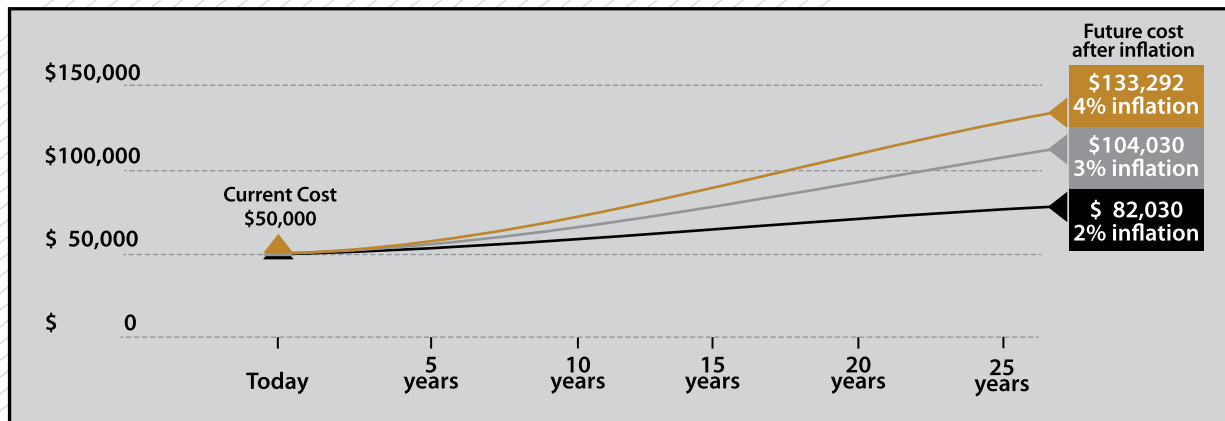


Image: www.fidelity.com/viewpoints/retirement/protect-your-retirement-income

“People who fail to plan, plan to fail.”

We believe that the reason people fail to plan is that the process sounds confusing and people don't know where to start. That is what motivated us to prepare this retirement guide. If you know what questions to ask and work with a firm that is knowledgeable in planning, the process can be greatly simplified.

Five Steps

...to plan a high quality retirement.



These steps will help you prepare and develop a plan for a financially independent retirement.

Step 1 **Financial Evaluation and Goal Identification**

The first step in the planning process is to evaluate where you are and where you want to go with your finances. You may have money tucked away in different investments: perhaps a 401(k), a pension, social security, a couple of IRAs, life insurance or all of the above. Current data from all of your accounts should be aggregated and analyzed by a qualified team. During step 1, goals and expectations should be clearly developed based on discussions regarding:

“What are my retirement lifestyle priorities?”

“How will major purchases or investments impact my long term plan?”

Step 2 **Plan Development**

In step 2, you need to develop a strategy to optimize your resources. During this step, address the question:

“What can go wrong?”

The goal of the planning process will be to look for weaknesses in your financial armor. Make sure your advisor does a complete analysis to determine how you will be affected in such situations as a bear market, if inflation rises during your retirement or if your returns are lower than expected. While it is impossible to predict the future, if you can anticipate common problems before they arise and know how circumstances can affect your future financial plans, you will be better prepared for such issues. Since factors like inflation and health issues are out of your control, stay focused on what you can control and what your ultimate goals are. Don't forget to get answers to questions like these:

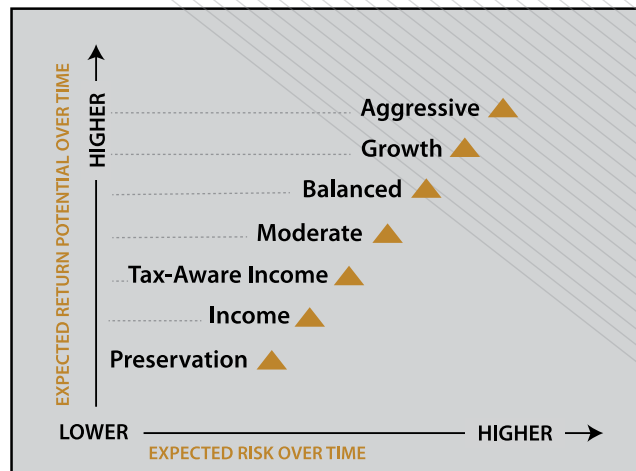
“When should I begin taking Social Security?”

“How do I decipher Medicare?”

“How much income can I take from my savings and investment accounts?”

Step 3 **Strategy Selection**

After completing a thorough analysis of foreseeable threats, and after setting clear goals and objectives, it is time to select your investment strategy. It is critical to work with a professional who can ensure that your strategy will best support your goals and objectives. Although the strategy should be personalized to your situation, beware of advisors who promise a “customized” portfolio. With a truly “customized” portfolio, you have to question what amount of time and attention your advisor can really offer and what rules are built into their strategy. Even Barron's reported that their top 1200 advisors serve an average of 521 client households. How could anyone give 521 customized portfolios the attention they deserve? ⁴



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Step **4** *Service and Communication*

We believe you are best served by working with a team committed to helping you pursue your goals. We also believe that through ongoing education and communication, clients will become better investors. "Knowledge is power," yet we know that although someone may have extensive knowledge of the financial world it is wasted if they fail to apply that knowledge. Working with an experienced team, taking advantage of educational opportunities and applying what you learn should yield better investment results. This is not just our opinion. At least two studies by respected names in the financial world, Morningstar and Vanguard, have both confirmed the value of planning and working with an advisor. First, Market Watch reported that, "... new research from investment researcher Morningstar Inc [found that] the added value of financial planning: [is] an extra 1.82% per year." ⁴ Additionally, in a 14-year study done by Vanguard Mutual Funds reported back in the fall of 2015, "Vanguard found that incorporating all of these principles makes it possible for advisors to add up to over 3% in net returns for their clients."⁵

Step **5** *Annual Review and Update*

Your initial plan is not set in stone and no plan is ever a finished product. Your wealth plan is a document that evolves over time. Again, you can not predict the future, but a planning process that utilizes educated assumptions will provide better clarity and insight. As time passes and life happens, it is necessary to review and update your plan as assumptions become reality. We have found that annual updates assist our clients in applying their knowledge and making informed decisions for their future.

"Luck favors the prepared". Callesen Wealth Management has been serving retirees since 1969 and our team is here to help. Partner with Callesen Wealth Management in pursuit of the confidence and clarity you need to make one of the most important decisions of your life. Feel free to give us a call for an appointment, stop by our office or visit callesenwealth.com.

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¹ (https://en.wikipedia.org/wiki/List_of_recessions_in_the_United_States)

² <http://www.gold-eagle.com/article/history-us-bear-bull-markets-1929>

³ <https://www.americanfunds.com/individual/planning/market-fluctuations/past-market-declines.html>

⁴ Citation: <https://greenspringadvisors.com/blog-article/how->

⁵ <http://www.marketwatch.com/story/are-financial-advisers-worth-their-fee-2012-09-26/print>

⁶ <http://www.progressiveassetmanagement.com/pam-newsletter-fall-2015pdf/>

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