

7 DANGERS THAT COULD DERAIL YOUR RETIREMENT (AND WHAT TO DO ABOUT THEM)



From inflation to health care costs and a lack of adequate savings, potential retirees have a lot of problems to tackle. But there are steps you can take, starting today.

1 TAXES

Today's tax rates are historically low, but that can change at any time. Your savings in tax-deferred retirement accounts (IRA, 401k, TSP and others), will be taxed at whatever the rate may be when you take the money in retirement. Explore ways to minimize your future taxes with strategies like Roth conversions and others to create tax-advantaged income.



2 INFLATION

What you spend today for your lifestyle, could easily double during your retirement years, simply due to the effects of inflation.



3 HEALTH CARE

Always important and increasingly more expensive...especially as you age. Medicare doesn't pay for extended Long-Term Care which can easily exceed \$13,000/month depending on your needs and location. Dental expenses and Hearing Aids can often break the budget. Planning is critical. Certain kinds of insurance may help.

4 LONGEVITY

You may live a really long time and retirement could last longer than your career. With the ever-increasing population of those living into their 90's and beyond, taking care of your health is critical. Exercise, diet and regular health and dental care may enhance the future quality of life you experience.



5 MARKET VOLATILITY

Stash cash in your savings account! A 2019 Bankrate survey found that just 40% of Americans had enough in savings to pay for a \$1,000 emergency. Keep enough cash in savings to cover a minimum three to six months of living expenses. If you can keep enough to cover twelve months, that's even better!

6 SAVINGS SHORTFALL

Boost savings in your retirement accounts. If you aren't contributing up to your employer match on your 401(k), start there. If you can save more, you should. Take advantage of contributing to any other retirement accounts you may be eligible for such as TSPs, IRAs, Roth IRAs or Roth 401(k) accounts. Remember, the money you save today is the money you'll live on in the future.



7 TOO MUCH DEBT

Pay off your debts and don't take on anyone else's. Try to go into retirement debt-free. Paying off your mortgage may be the possible exception; talk to your financial professional about whether this is a good idea for you.



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