

What you can control during retirement

People have the ability to influence and control the quality of their lives in retirement. Will you take control or wish that you did? Are you influencing or controlling what you can, or are you leaving it to chance?

There are some things in life you can exert control over and some things that are beyond your control. For example, you may eat right and exercise regularly (under your control) yet you may have lousy family genes (beyond your control).

Following is a list of all the things that have to come together to insure you have an optimal chance at retirement success:

1. Market returns and interest rates
2. Government policy, taxation and benefits
3. How long you will live
4. Length of employment and level of earnings
5. Amount of spending and savings
6. Asset allocation and account types

Categories 1 and 2 – Little to no control. We all want the markets to return 12% year in and year out. We also want our CDs to earn 8%. The last time I checked, neither of those is possible. We might also enjoy a low 15% tax bracket on all income, as well as a \$50,000 annual social security benefit. I would not hold my breath for either of these.

Categories 3 and 4 - Limited control. You can certainly influence your longevity by eating healthy foods, getting exercise, and not smoking. If heart disease or some dreaded sickness runs in your family, you have less control. Likewise, when it comes to your employment and it's duration, that might depend on such factors as your health, skill set, education and inner drive. You can exercise control of your level of education and the skills you choose to acquire.

Categories 5 and 6 – Most control. You decide how much you spend and save. More self-discipline might enable you to save and invest more for retirement and less discipline might place you on the path of increased current spending. Asset allocation refers to the percentage of assets you place in different types of investments. You may choose to be an aggressive investor, allocating a majority of your assets to equities, or you may choose to be a more balanced investor, allocating your assets to a mixture of stocks, bonds and perhaps real estate. The types of investments that you place in different types of accounts, such as taxable accounts versus tax-deferred accounts (IRA, SEP IRA or ROTH), may also have a major influence on the after tax returns you enjoy in retirement.

Consider everything under your control and take steps to insure that you are doing all you can to stack the odds in your favor. A good first step is to admit you need some help. Seek reputable financial planning professionals to help you create a plan and investment strategy. Remember, you have the ability to influence the rest of your life in a very positive way, so you best get to it.

Rodger Alan Friedman has over three decades of experience designing and managing retirement portfolios and advising clients on retirement matters. For additional information, and a free special report on preparing for retirement, please call 1-844-3-MY-PLAN or visit: www.RodgeronRetirement.com.

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