

Rodger on Retirement

What is your plan to increase your income in retirement?

Answer this question: What is your plan to increase your income by two and a half times during retirement? If you are stumped and do not know the answer, welcome to the great majority! You see, there is a select group of people who are planning for their retirement and this is the foremost question on their minds. You may wish to join them because, in seeking answers, they are actually asking the right questions.

My belief is that the greatest risk you will face in retirement is that your expenses will continue to rise and your income will not be able to keep pace. As you liquidate parts of your principal to make up for the needed income, you start a downward spiral. The problem is due to inflation, which averages between 2 and 4 percent over longer periods of time. If you retire at age 65 and live until you're 80, you have 15 more years of life to live. It is certainly not a short period of time. What if you decide to retire at age 62, but live until you're 93? That is 31 years of rising expenses! What is your plan to deal with that?

A 3 percent annual inflation rate does not seem overly high until you compound it. If you need \$50,000 in retirement income today, you will need \$65,200 in 10 years. In 20 years, you will need \$87,700, and in 30 years, you will need \$117,800, to match your purchasing power of today. This is where you get that blank expression on your face and look up at the ceiling in search of answers. In fact, why not turn to your spouse right now and explain to them your plan to deal with this?

This is what retirement planning is about. Creating plans and strategies with the help of a professional team can help you answer questions you cannot answer on your own. Working with a CERTIFIED FINANCIAL PLANNER™ professional or a Chartered Retirement Planning CounselorSM and their team, may provide you with blueprints and strategies for a financially successful retirement. The idea here is to work with a team to design optimal income streams for you to access during your retirement.

I am sure you are very good at what *you* do. But the planning aspect of retirement is what *they* do. Ever consider why you don't perform your own root canals or set your child's broken leg? It is because these types of situations are important, too important to leave to chance that you *may* get it right. You do not have the specialized knowledge and training. You seek out professionals who have tons of experience, and for good reason. The chances of a positive outcome are infinitely better than if you did it yourself.

I said it before and I will say it again: fire the amateur in charge of your retirement, especially if the amateur is you.

**Keep in mind that there is no assurance that any investment strategy will ultimately be successful or profitable nor protect against a loss.*