

Retirement Playbook: Five Steps to a Potential Winning Strategy

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When you think about retirement, what is the first thought that pops into your head? Money? Do you wonder, *how much will I have? Will it be enough?* While those are legitimate concerns to take into account, most people skip over the all-important first step of retirement planning. It has nothing to do with money and overlooking it could mean you're not adequately preparing for your future. That all-important first step is just one of five that will help get you on the right track to planning for retirement.

Step 1: What do you want your life to look like when you retire?

That question is where your retirement planning should start. Everything revolves around what you want your life to look like. It seems like a simple question, but for most people, answering it is the most difficult part of the process. Shockingly, many have never thought about it or talked about it. A lot of times when a husband and wife go to see a financial adviser, they realize they don't know what the other person wants. You've got to spend time thinking about it so you can build a plan based on your wants and needs.

Step 2: Put dollars and cents to your retirement goals

Next, you want to ask yourself, *what am I doing today to reach my goals?* This is where you want to look at everything in your financial portfolio right now – every asset, liability, income, estate documents, etc. You also want to ask questions such as *is my work stable? What is my income going to evolve into?* Make sure in working with your financial adviser that no stone is left unturned when gathering this information. Every bit of it plays a vital role in planning for your retirement.

The second part of this step is looking at your retirement plan from an investment, tax and estate point of view. Those are three very separate and distinct parts of your game plan:

- Investments: What kind of risks do you need or want to take to meet your goals?
- Taxes: Do whatever is necessary to pay the least amount.
- Estate: Ensure that you have the lowest estate tax liability possible.

Step two is also when you should look at what type of life insurance you need and the length of time you will need it. When you understand how much you need, and it's a calculated number, you can make sure your

family is covered in the event that something happens. Even the best financial plan isn't going to work if you don't factor in life insurance.

Step 3: Illustrate your plan

Now, it's time to actually lay out your plan. You may see the result and think, *I'm going to be alright*. Or, *that's way less money than I thought I'd have*. These reactions, especially the latter, are why you want to evaluate all of the options available to help you reach your goal. Be sure to thoroughly examine every opportunity and only consider the ones that are going to be most effective for attaining your goal.

This point in the planning process is also when you want to do a social security review and analysis. You need to understand the appropriate time to draw the money and how it's going to affect your plan. Deciding when to draw your social security is a complicated set of circumstances. It is not straight forward. Too often we find people are taking their social security early, which is not necessarily the best strategy for their goals.

Step 4: Put your plan into action

Once you've identified the best opportunities to help you reach your goal, the next step is to sit down with your financial adviser and assimilate all of your data to create reports for your long-term cash flow, current and future expenses, liabilities, etc. Everything will be illustrated with graphs, charts and spreadsheets. This will allow you to see where certain aspects of your plan may not work out the way you thought they would, or they may not be doable. You will review areas such as investments and savings to see what's been done and what could or should be done to keep your plan on track. During this step, your first priority should be *you* and getting your financial state shored up.

Step 5: Maintain Your Plan

If you've done the first four steps and you don't do number five, your life is going to change. Yes, you've illustrated your plan, put it into action and generated reports; but, no illustration or report can accurately forecast how real-world situations are going to affect your financial situation and ultimately your retirement plan. You *must* continually review it to see if you're on target – six months from now, a year, or two years out – it's an ongoing process. The financial world is an extremely complicated place that is *always* changing. Working with a financial adviser will ensure you are covered in another important area of maintaining your plan – you've got to have the tools and technology to help you stay on top of your plan so you can see how everything is forecasted to work out and what it looks like long-term.

Choosing a financial adviser

It's important to go with a firm that operates on the philosophy and expertise discussed in this article. Why? If you don't go with a philosophy that's driven toward an objective, you are merely being sold investments and

a product. You want a financial adviser who can properly manage your assets in a way that's effective to achieving your goals. Financial planning is complicated and requires a lot of education and expertise. You really need someone who has a broad understanding, rather than just going to any firm and hoping for the best. Be sure that the firm will not only do this kind of work for you, but do it in a way that is truly in the best interest of yours and your family's financial well-being.

Planning for your retirement may seem like a daunting task, but once most people have a plan in place they have a sense of *ah, for the first time in my life I can breathe because I've put my head in the sand on this issue and ignored it. Now I have a plan.* There's something very refreshing and fulfilling about implementing a plan because you feel like you're on the right track and doing something, so don't wait to get started.

Who is Wealth Management?

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