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Hello this is Dax Williamson for community comment:

The Many Perils of not planning for Retirement

Being a financial planner I have had many conversations addressing the issue of retirement planning. Some of the Perilous decisions I've encountered were made with the intent of helping family or friends out or savings money on the front side of retirement. All too often we tend to procrastinate retirement planning until the last minute which usually reduces our options in retirement. Leaving us with a list of compromises that make retirement not as great as we envisioned early on.

Here is a short list of planning decisions that if considered early on can make a difference when you are ready to retire.

Underestimating life expectancy

Twenty-five years ago, insurance companies estimated life expectancy at 83 years. Despite the volumes of media coverage generated over recent years about our increasing life spans, many investors still underestimate – often severely – just how long they could live. This plays havoc with retirement planning and finances.

Many planners now develop retirement plans based on life expectancy of 90 to 95 years. While people get it intellectually, the implications of longevity haven't been an integral part of their thinking.

Failing to consider long-term care

The question you must ask yourself is, "Could your nest egg cover the potential cost of long-term care?" Premature long-term care can be steep and difficult to cover. However, the notion of spending a few thousand dollars a year for long-term care insurance, versus the possibility of hundreds of thousands of dollars in the future, is smart money management.

Making large loans to family members

You're retired or on track for a comfortable retirement. A family member asks you for a large loan for a house, college, or to start a business. Many times, you're not in a position to be as generous as you would like. Big withdrawals from your nest egg early in your retirement can seriously crimp your spending in later years.

Underestimating expenses in retirement

If you think your expenses will decrease once you are retired, think again. One of the old rules stated retirees will only need about 2/3 the income from when they were working – forget all the old rules. Today, many retirees are healthy, they travel more, and they're fixing up their houses. Maybe their spending slows in later years, but not at first. If you don't have a handle on current cash flow and expenses, you can't get started on retirement planning.

Focusing on your nest egg to the exclusion of all else

The lesson here is while the need to grow your nest egg is critical, you cannot focus only on finances and neglect the most important part of later life. How are you going to spend your time and fill your days?

Many of us don't prepare well to retire. Some invest money fairly consistently along the way, but are unaware of just how much they will need to save for a smooth and fulfilling transitions. The sooner you get started on retirement planning the better prepared you will be to transition into retirement without having to make a lot of compromises

This has been Dax Williamson for community comment.

(Insert Broker/Dealer Disclosure)