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## Be Ready When You Step Out into Retirement

Has the idea of retiring been on your mind more and more?

If your answer is yes, it's time to take a hard look at your finances and find out how you can make retirement a reality.

- (1) Start by asking yourself what you want from retirement.** What are the benefits you want to achieve and what kind of lifestyle do you envision yourself living?
- (2) Put together a cost estimate for what that lifestyle might require** in terms of a monthly and annual budget. Yes, you could use generic guidelines such as "You will need at least 80% of your present income adjusted for inflation annually," but you may not have a generic lifestyle in mind. After all, there's a big difference between settling down to a Walden Pond style of life and setting out to play the best golf courses in the world.
- (3) You also need to give a thought to how long you might live.** What will happen when you can no longer play golf, or aching joints make life in the wilderness less attractive? Some factors to take into consideration are how long your parents lived, if you have any significant health issues and what your lifestyle to date has been. If heredity says you could be running into some long-term health issues, you need to think about how that will affect your retirement.

And then, you have to look at the money side of life. There are a number of different approaches to retirement ranging from the "I will just work until I am forced to retire and deal with it from there," to planning and saving for 50 years to accumulate as much as humanely possible for retirement. Both approaches have some obvious flaws from the uncertainty of an unplanned retirement to potentially depriving one's self of fun, adventure and a good life only to end up leaving money to heirs without personally benefiting.



Although many people will resist retirement planning – perhaps fearing bad news – retiring without a plan is a lot like going on a road trip without a map. You could end up anywhere.

**(4) Determine your possible sources of income.** Retirement income may include Social Security income, pensions, workplace retirement savings, life insurance or annuities, potential home equity, investments and real assets you might sell, such as a second home. **(5) Consider the impact of paying off any long-term debt,** such as mortgages, car loans or credit card balances to keep your cash flow positive when you stop bringing home a paycheck.

**(6) Get creative in achieving your goals.** If your sources of income don't cover the estimated cost of your retirement lifestyle, you don't have to give up your dreams, you just need to get more creative in how you achieve them. Golfer course rangers, for example, receive playing privileges along with a paycheck. Becoming an usher could get you into the hottest Broadway shows. There are often ways to enjoy the life you want without taking the conventional path.

What happens if you can't make your projected retirement income fit your lifestyle goal? You have some options. One is to work a little longer, cutting your current expenses to the bone so you can save as much as you can. Another option is to look at how you can reduce your retirement costs. Possibly you could consider working part-time (although be aware that too much income can reduce your Social Security benefits).

Retirement really can work much better if you have a plan and your eyes wide open as you enter a new stage in your life. If you really want to see your dream retirement a reality, make an appointment to sit down with your financial advisor and walk through the numbers part of retiring. Your advisor has the advantage of having worked with other individuals on their retirement goals as well as a professional's desire to see you be successful. Plus, making that appointment can help get you past procrastination and a lot closer to truly retiring.

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