Capital Analysts of New England, Incorporated

Financial Strategies through the Retirement Stage

Many retirement strategies relate to accumulating funds *for* or *to* the retirement stage of life. This article discusses financial strategies to help maximize your retirement income and overall financial situation *through* the retirement years. This is important since the typical person spends more time retired than he/she does in his entire childhood, grade school and college combined. The following ten areas should be addressed to help maximize your retirement planning:

1. Plan your retirement activities – I have a retired client who says you have to retire to something; an interesting retirement job, volunteer work, hobbies, travel etc. What do you like to do? How will you spend all of your free time? Many retirees overlook the non-financial aspects of retirement and may find this stage of life to be less than they expected.
2. List your estimated living expenses - What are your living expenses once retired? This is very important since the size of your asset base and the amount of income you need is based on your living expenses. Break out the essential expenses and the discretionary expenses. Consider downsizing your home to free up funds for retirement and to lower your expenses.
3. Determine your guaranteed sources of income – social security, pensions if available and annuities may make up your guaranteed sources. This is the foundation of your income.
4. Calculate the retirement income from your investments – one possible rule of thumb may be to withdraw 4% at age 60, 5% at age 65 and 6% at age 70 and beyond. Increase the annual withdrawal with inflation.
5. Plan the order of distribution – our industry rule of thumb is taxable investments first, IRA's second and delayed to the minimum required distribution of age 73, and Roth IRA's last. This is only a general rule of thumb as each person's situation is different.
6. Develop a portfolio to help generate rising income – One of the biggest risks to your retirement lifestyle is inflation. Your investments should be designed to help generate a rising inflation adjusted income stream. A balanced portfolio (50% stock 50% bond) with an emphasis on dividend growing investments may be ideal for many retirees – adjusted for each person's risk tolerance and suitability.
7. Make good choices with government programs – Many of the decisions you make regarding Social Security and Medicare are irrevocable. Understand your options to help make informed decisions. We have aligned with experts if you need assistance.
8. Plan for long term care expenses - on average we are living longer and health issues that were once terminal are treatable. If you need long term care how will you pay for it? You have three options; pay out of pocket, insure or gift assets well in advance.
9. Develop an estate plan – an updated estate plan may help you smoothly transition assets to your family and or charities. This involves asset title, beneficiary forms and estate documents.
10. Develop a succession plan for your investments - who will update the cost basis and transfer the ownership of the accounts? How will the accounts be managed? Many times, it can make sense to consolidate accounts and simplify the management of accounts to help ensure a smooth succession.

As you can see from the above list, this stage of life may require more financial management than the accumulation years. If you do a good job in this area, you should be able to maximize your retirement income and help grow and protect your assets for you and your family.

Inflation is the rise in the prices of goods and services, as happens when spending increases relative to the supply of goods on the market. Moderate inflation is a common result of economic growth. Hyperinflation, with prices rising at 100% a year or more, causes people to lose confidence in the currency and put their assets in hard assets like real estate or gold, which usually retain their value in inflationary times. In reference to general account obligations and guarantees, such as is present with fixed annuities, the ability for the insurance company to meet these obligations to policyholders are subject to sufficient capital, liquidity, cash flow and other resources of the insurance company. Tax, legal, insurance and Social Security services are not offered through, or supervised by, The Lincoln Investment Companies.

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