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Things to think about when looking to retirement - Part 1

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"May you live as long as you want and never want for as long as you live."
With proper planning this Irish Blessing can be fulfilled. Starting in 2008, the first Baby Boomers, that generation born between 1946 and 1964, turned age 62 and became eligible to receive Social Security benefits. Recent research from an American College Study revealed that most people approaching retirement have no written Blueprint to help them reach their financial goals. Thus, suggesting a potentially dangerous tendency to oversimplify an increasingly complicated financial planning situation that needs to account for rising inflation, long-term care, increasing health care costs, longevity, adult dependent children and the ever changing tax environment.
As you contemplate your own retirement, consider the following laundry list of ideas to aid in your successful transition from "wealth accumulator" to "wealth harvester".
I. What will your retirement look like?
The concept of retirement is changing. Today, many people view retirement as an opportunity to have greater control over their lives. Some people plan to stay active and work in retirement, but only on their own terms. Others have changed occupations and have forged out on their own to start new businesses. Others have decided to move to retirement communities and enjoy the "retirement culture" by focusing on their favorite hobbies or learning something new. What is your retirement objective?
II. Are you on track to obtain your retirement objectives?
First, it's essential to create a budget and evaluate your core expenses and your monthly discretionary expenses. Next, we create a list of guaranteed income sources that will be available to you in retirement such as pensions, social security and annuities. Financial Advisors, such as a Certified Financial Plannerâ„¢ can help you determine if you are currently on track by creating a financial model that takes into account income, taxes, expenses, minimum required distributions etc. to determine the probability that you will achieve your goals.
III. What Social Security factors will affect your retirement income?
For some, Social Security could provide a substantial portion of your guaranteed income in retirement. The payments you receive are calculated based on your employment history and when you decide to start collecting distributions. The longer you wait to start collecting, the higher the benefit you shall receive. However, at age 70, there is no benefit to delaying. Did you know that you could work while collecting? Just be aware that if you take social security before full retirement and earn more than a certain amount, your payments could be reduced. Once you reach your full retirement age, you can earn as much as you would like without having your benefits reduced. Realize too, that social security benefits are taxable, depending on your income during retirement.
Married couples have more choices to consider when it comes to social security. When the higher wage earner begins to take benefits impacts the spouse's benefit and survival benefit. A lower

earning spouse could be eligible for up to 50% of the higher wage earning spouse's benefit. Because Social Security is an integral part of one's retirement income, contacting a qualified financial advisor to determine the most effective means of receiving the maximum benefit is highly recommended.

Part 2 will appear in the July 20th edition of the New England Real Estate Journal in the Front Section.

Gerard Robinson, CFP, AIF, CFS, ChFC, Capital Analysts of New England, Inc., Quincy, Mass.