

Wealth News

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Information from Nutmeg State FCU and CFS* to help keep your financial life in balance

Consumer Sense

Retirement Income Planning

Planning for retirement often involves asking some questions that are difficult to answer. What will my retirement look like? Have I saved enough? Do I have sufficient assets to cover all of my expenses so that my desired lifestyle may be maintained for years to come?

One of the first and most important steps in analyzing one's retirement picture is through the creation of a detailed budget to which expenses may be matched to sources of income. More often than not, shortfalls in income may be uncovered. Once fixed sources of income such as social security, pensions, etc., have been exhausted, an experienced financial advisor can be extremely helpful in determining the assets that may be used to generate additional sustainable sources of income.

Next, it is necessary to prepare for some of the major risks retirees often face. These risks include but are not limited to: longevity risk, inflation risk,

market risk and health care/social security risk.

Longevity risk is simply the risk of outliving assets. While living a long and healthy life is a significant life goal for most, it's important to determine how to make your assets and income do the same. It is possible for someone to spend nearly as many years in retirement as they did in the workforce.

Inflation risk deals with the erosion of assets due to the rising costs of goods and services. The average annual rate of inflation in the United States from 1913 -2006 was 3.4%, thus, keeping pace with inflation while not subjecting assets to unnecessary risk is a balancing act that an experienced financial advisor may help with.

Market risk deals with potentially taking too much risk with your portfolio or conversely, not enough. Finding the right balance to your

own comfort level while still maintaining a clear path to reach your objectives is key.

Health Care and Social Security

The cost of health care and issues surrounding Social Security are becoming increasingly difficult to manage. While retirees are living longer lives and the cost of health care is increasing substantially, budgeting for costs and finding the right insurance programs is incredibly important. Understanding your rights and benefits is critical in planning for your retirement years.

Who Can Assist Me?

As there often seems to be an insurmountable number of variables in navigating your retirement picture, the aid of an experienced financial advisor can be an invaluable resource. Please talk to your financial advisor today so that he or she may assist you in answering many of these difficult questions.

Source: www.bls.gov

Have You Read...

Live Long Live Rich: Creating Your Retirement Paycheck with Award Winning Retirement Planning by H. Craig Rappaport. This is the first guide for people who want to know how to invest to create retirement income. Retirement is a new chapter in your life and should be a time free from worry.

Interested in Learning More?

I specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call me to set an appointment to review your investment objectives, and to discuss any questions you might have. I look forward to speaking with you!

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Do you have a topic you'd like to see covered in future Wealth News newsletters? Email your questions and comments to me at: smarks@nutmegstatefcu.org.