Retire...Relax®

SPECIAL REPORT

Can I Afford To Retire?

ROSENBERG FINANCIAL GROUP, INC. - 2017

Before you read this report, it's important that you read **"What I Need To Do To Plan For My Secure Retirement?"** That report is available on the "Free Reports" section of www.retirerelax.com. That report puts this report in the proper context.

When we first meet with pre-retirees, we always want to get an understanding of their overall financial situation. What will their income be in retirement? Will it be enough to cover their expenses? Will they have a pension? How much have they saved? Do they have any debts? What's their medical insurance situation? How's their health? When will they apply for SS and how can they maximize those benefits?

The decision to retire is huge, and not to be taken lightly. Unfortunately, we often see people who have an "I'm tired of working and I want to retire" frame of mind. This is dangerous because they are making a life-changing decision based on how they feel at that moment.

Instead of making this financial decision based on emotion, we need to make this decision based on facts. To help you make the best decision, let's walk through some of the questions we would ask if we were meeting with you.

What Will Your Income Be During Retirement?

First, you will need to gather some figures. Do you know what you will receive from Social Security? If you're not sure, you can go to the Social Security website (www.ssa.gov) and use their estimator to see your current benefit information.

Are you planning on taking income distributions from your retirement accounts? If so, we encourage you to not plan on taking more than 3-4% per year. As an example, if you have $200,000 saved, 4% of that is $8000. So, your monthly gross income would be $667.

If you will receive a pension, you need to request an estimate from your benefits office. The closer you get to your retirement date, the more accurate that estimate will be. Now, complete the following:

Expected monthly fixed income in retirement:

Social Security at age	______:	$________/mo.
Pension income at age	______:	$________/mo.
Investment income:		$________/mo.
Other income:		$________/mo.
Total Monthly Income:		**$________/mo.**

How does this compare to your current income? If it will be much less than what you are earning now, how will you make this work? Your choices are to either reduce expenses by paying off debt before you retire, or reduce expenses (spending) during retirement. Or, of course, you could continue to work.

To help you with this decision, we have some more homework for you. At the end of this report, you will find our Spending Tracker. It's important to know where your money goes. The Tracker will help you do just that.

Yet another factor to consider is inflation. It is very possible that you might be retired for as many years as you worked. Just think about what it would be like if you were given a salary at age 25 and that salary never increased. Think about how much the cost of everything (except technology) has gone up. This leads us to the next section:

How Do You Make The Best Decisions Concerning Social Security?

When we ask people why they took their Social Security benefits, they say, "I paid into it, and if I don't live to receive them I will have lost what I put in." Or they say, "I want to enjoy my money now in case I don't live too long."

But you should think of Social Security as a long-term plan. If you eventually have financial problems, it will be in your later years. Too many people plan for what they want now. But the real issue is what happens when you get older, the cost of living has gone up, and you can't make ends meet? At that point you would probably wish you had handled your Social Security benefits differently. Remember, your biggest problem isn't that you'll die too soon and miss out on potential benefits. Your biggest problem is you will live too long and run out of money.

For the Free Report Entitled "Maximizing My Social Security Benefits,"
Go to the Free Reports Section at www.retirerelax.com

What Return Can I Expect on My Investments?

So far you've calculated what your income will be, and you're going to track your spending to see where your money is going. And, you've already read about what inflation can do to your purchasing power, and you've learned tips on maximizing Social Security. So, what could be left? Projecting the future growth of your investments.

Many planners use retirement calculators. You can find them all over the web. They ask you to input your current information, which is pretty straight forward. But you also need to make a number of assumptions, like your life expectancy and an assumed rate of return. This is where it gets dicey.

Obviously you don't know how fast your money will grow between now and the rest of your life. You must be careful here. Remember the people who retired in the late nineties? We saw people who had assumed a 10-15% return each year. How did that work out? Be conservative. Maybe 4-5% is a good figure to use for now, and keep an eye on it as you go along.

We're not going to provide a calculator website. We're not even going to provide a worksheet where you can do the calculations yourself. Why? Because we've seen a number of bad retirement decisions based on these calculators. In fact, they can do more harm than good.

It's too easy to play with the numbers until you get the answers you want After all, many people are just looking for justification to retire. We've never seen a calculator that really works, no matter what some people would lead you to believe. The reason is, we have no idea what next year will bring. Look at what has happened with the stock market and interest rates since 2000. Very few people got what they expected (or hoped for).

If you base your retirement on false assumptions, then you are doomed to run out of money. You need to look at this logically and with some common sense. Talking with a Certified Financial Planner (CFP) is a good place to start.

For the Free Report Entitled *"Do It Myself Or Choose A Financial Advisor?"*

go to the Free Reports section at www.retirerelax.com

Eight Signs That You Could Run Out Of Money

The largest single fear that retirees have is running out of money. So let's look at several factors that might give you some insight as to whether you can really afford to retire.

1. You have a mortgage with more than 5 years to payoff. We tell everyone who will listen that retiring with a mortgage makes retirement more difficult. Your mortgage is probably the single biggest monthly expense you have. Think about how much easier and secure your retirement will be if you don't have this payment. The same is true if you have substantial credit card and/or automobile debt.

2. You are supporting other family members. It is a fact that more parents/grandparents are supporting their children/grandchildren than in previous years. Face it. Retirement is difficult enough just supporting yourself, especially if you live a long time. If you choose to support other family members, you are taking money away from yourself and making it more likely that you will run out of money. As author and economist Tom Sowell says, "*You cannot subsidize irresponsibility and expect people to become responsible."* The more money you give to family members, the more they will expect. That means less money for your own retirement . . . and a greater possibility that you could run out of money. Ask yourself "Will they support me if I use up all my money on them?" You probably already know the answer.

3. You haven't saved very much money for retirement. A financially secure retirement doesn't happen by accident. It takes planning and discipline. It means forgoing certain luxuries. Spending that money while you are working, as much fun as it may be, can jeopardize a secure retirement.

4. You are unprepared when an emergency happens. Once you retire, it's more important than ever to have an emergency savings account. Otherwise, you will be dipping into your investments more frequently than you would like, or, you will have to go into debt. Set aside a sum each month for home and car maintenance, as well as to cover unexpected medical expenses.

5. You and your spouse disagree on spending and saving. This creates a very stressful situation. You want to spend, and your spouse doesn't. Or, you want to save, and your spouse wants to spend. Either way, you are in conflict and not focused on the same goals.

6. Your spouse opts out of survivor benefits. We meet with a lot of widows whose spouses expected to live a long time, but didn't. Because they expected to live a long time, they did not apply for survivor benefits when taking their pension. Now, the surviving spouse is living on one stream of income (the higher of the two Social Security checks), instead of living on three streams of income (two Social Security checks and a pension).

7. You ignore the chance that you could need long-term care. The longer we live, the greater the chance we will need some care. Long-term care insurance pays for care you receive in your home, in an assisted living facility, or in a skilled nursing facility. Medicare only pays for 20 days of care in a skilled nursing facility, under certain circumstances. Research whether a long-term care policy is right for you.

8. You take financial advice from Friends and Co-Workers. Personal coach Tony Robbins says it's easy to be successful: just find someone who's successful and do the same thing they are doing. Unfortunately, too many people end up taking advice from people who are broke and in debt. Sure, they may be living "the good life" today, but they will suffer the consequences later.

So why do they ask a broke person for advice? Why do they do it? Because they will hear the answer they want. Now I'm sure these people are filled with good intentions, but most of them are not in any position to give financial advice. These folks are living paycheck to paycheck. They have accumulated little in the way of investment or retirement funds. They are up to their eyeballs in debt. Yet they are giving *you* financial advice? And you are actually listening? You are the one who will suffer. Pay attention to what successful people do! And find a good financial advisor.

Spending Tracker – Where Does Your Money Go?

You can't just guess as to how much income you will need each month. You need to actually track your spending to see where your money goes. So do it for 30 days. Place this sheet somewhere you will see it every day, and keep a pencil handy. Jot down every dime you spend, every day. You might be tempted to do it on your computer, but there is a benefit to physically writing this down. Writing what you've spent creates a new habit of awareness in your brain. This new awareness gives you a better shot at changing habits—if you find there are some you need to change. And, you may be surprised when you see where your money is actually going.

Groceries $ $ $ $ $ $	Meals Out $ $ $ $ $ $	Snacks $ $ $ $ $ $	Gas $ $ $ $ $ $	Day Care $ $ $ $ $ $
Credit Cards $ $ $ $	Charity $ $ $ $	Recreation $ $ $ $	Utilities $ $ $ $	__________ $ $ $ $
Mortgage/Rent $	Home Maint. $	Car Maint. $	Life Insurance $	Car Insurance $
Hair Cuts $	Clothing $	Prescriptions $	Dry Cleaners $	Gifts $
___________ $ $	___________ $ $	___________ $ $	___________ $ $	___________ $ $

Once you've tracked your spending for 30 days, evaluate your choices. Should you spend less in one category, and more in another (to pay off credit cards faster, for example).

It's possible, and probable, that you might not have some of these expenses once you retire. You probably won't spend as much money on clothes, lunches out, or gas. However, you will have other expenses. For example, your medical expenses will probably go up. So might travel expenses. It might be a good idea to do this twice: once for now, and once for after you retire.

Pre-Retirement Checklist – Get Your House In Order

Use this checklist to help you determine what you still need to do.

Have you …..	**Y**	**N**	**Do It!**

Determined how much income you will have?			
Estimated a realistic retirement budget?			
Does that budget include increases in expenses (inflation)?			
Paid off your mortgage?			
Looked at health costs after retirement?			
Created a plan to pay off debts?			
Decided when to apply for Social Security?			
Looked at Medicare & Prescription Drug options?			
Looked at your pension options (lump sum, annuity)?			
Totaled up your investment assets?			
Thought about what to do with your 401k/403b?			
Determined the shortfall between income and expenses?			
Considered part-time jobs?			
Thought about how to invest your retirement money?			
Talked to a Certified Financial Planner?			
Created an emergency cash fund?			
Considered the cost of long-term care?			

What Does Rosenberg Financial Group, Inc. Do?

We believe that most investors want a specialist. They want to call and talk to a person that understands them and can provide for their needs. They don't want a person who represents a company that is trying to push more of their products through their sales system.

At Rosenberg Financial Group, Inc., we have created the **RetireRelax Solution™** that assists us in managing our clients' money. This disciplined investment approach for retirees and pre-retirees includes an exit strategy when we feel that risk is high. Keeping an eye on the investment landscape for our clients is something we do each and every day.

To learn more about us, just download the report: "***What Do I Need To Know About Rosenberg Financial Group, Inc.?"*** from our website.

To learn about our complementary consultation, just download the report: ***"What Can You Expect When You Come In For Your Complementary Consultation?"*** from our website.

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www.RetireRelax.com

Be sure to listen to *"Your Money"* with Steve Rosenberg, Sherri Goss, and Randy Goss live every Saturday morning at 9:00 on WMAC, AM940. Sherri also appears as WMAZ's Financial Expert every Wednesday afternoon on the 5:00 edition of *Eyewitness News.* After her appearance, Sherri remains at the station until 6:00 and takes personal questions by phone off-the-air.

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