

SMART RETIREMENT

**EVERYTHING YOU SHOULD CONSIDER
BEFORE THE PAYCHECKS STOP**

**BY MICHAEL BALLARD
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PREFACE

The Importance of Planning

As we write the opening chapter of this book, the world is a bit crazy right now. We've been through a pandemic, the entire world shutting down, a war in Europe, crazy high inflation, workers disappearing, stock market volatility, interest rate increases ... the list seems to go on and on. And through all this chaos, we are taught and told to remain calm, stay the course, don't panic. There are headlines almost every day that make you wonder if the world's gone mad.

In times like these, we are reminded of the Yiddish proverb "Man plans, God laughs." Who could have planned for any of this stuff? And yet, we know that planning matters, particularly when it involves our money, and specifically our retirement funds.

Planning a successful retirement is certainly not only about money, but it sure helps to have some and not run out. We can share with you dozens of stories about people who got retirement right, and unfortunately, many who didn't. Often, the difference in a successful retirement and an unsuccessful one really comes down to what we call comprehensive planning. Through the chapters in this book, we will attempt to educate you so you can make informed decisions and plan for the retirement you've always dreamed of. We will try to relate stories of actual people who are living the retirement of their dreams and others who fell short.

Lewis Carroll is quoted as saying, "If you don't know where you are going, any road will get you there." Everyone wants a

comfortable retirement. The question is, how do you get there? Over the years of meeting with people, we've discovered they often have multiple accounts spread all over the place: an old 401(k) here, an IRA there, their current 401(k), old pension benefits, none of it working together, just a mass of accounts that they are hopeful will be enough. Enough ... enough what? To pay the bills when the paychecks stop, or enough to live a rewarding retirement life?

In the seminars we present, we tell a story about a junk drawer. We all have one, and Lord knows what's in there. Take out menus and children's photos, masking tape and paperclips, last year's tax return and grandmother's recipe for chicken soup. You get the point, it's a mess. That's no way to have your financial affairs. The mass of unorganized accounts is the junk drawer—it isn't organized, it doesn't work well, it's just a mess.

We encourage people to get organized, to have a plan, to clean out that junk drawer, and remarkably, when they do, they often feel so much better. Planning for retirement means cleaning up and cleaning out. It means creating a roadmap for your financial future that you can follow. Remember the Lewis Carroll quote that begins with, "If you don't know where you are going..."

Our team has developed and mastered a proprietary process that helps people know where they are going. It's a four-step process we call The Retirement Roadmap. It is comprehensive and requires conversation and thought. It requires consolidation and action. The result most often is confidence. That's right, confidence. Think about it: as you draw your last paycheck, wouldn't you rather be confident in your financial future than not? Of course you would, and being able to look at a map that shows us how to get to our destination gives us greater confidence.

Recently, we had a strategy meeting with some clients, and the wife, who we will call Martha, expressed concern about all the volatility in the stock market. We all know markets go up and down, but at the time of this strategy meeting, the stock market had been particularly volatile. Martha expressed her concerns, we

listened carefully and offered our view of things, how their portfolio was well diversified, not all the eggs were in one basket, etc. Out of the blue, the husband, who we will call Ray, spoke up and said, “Martha, we have a plan. Even if the stock market crashes, we’re okay.”

Martha turned a little red in the face and asked quietly, “Mike, is that true?” Before we could answer, Ray spoke again and said, “Of course it is.”

All Martha was looking for was confidence in their retirement strategy. Said a different way—and we hear this all the time—“I just want to know that everything is going to be okay.”

We aim to provide financial confidence for every client we work with. We always take the time to re-explain the plan we’ve created, the provisions that were made for their income now, their income later, and their legacy plan for their children and grandchildren.

The rest of the Martha and Ray story has yet to be written, but we do know this: we gave our best effort to provide them with the necessary guidance to help ensure confidence for their future.

As you read through this book, you’ll find several chapters that have nothing to do with money. While we believe the most important thing in retirement is having sufficient income, there are many other very important topics. We have always felt that taking a holistic approach to retirement planning is best. If you aren’t familiar with that concept, let us explain.

There are four primary areas that we believe make up a holistic retirement plan: Income, Health, Longevity, and Legacy. In simple terms, it is the coordination of these areas that helps make for a holistic view of your retirement. Think about it, you may have an accountant, a banker, a stockbroker, health insurance at work managed by human resources, a life insurance agent, and in our experience, rarely if ever do those people talk about *you*.

In holistic planning, the retirement planning professional pulls all those areas together to help ensure there’s no longer a need for a junk drawer.

We recently met with another couple we'll call Drew and Jill. As we spent time getting to know them, Drew said he had a friend who worked with him for years in the IT department before becoming an investment guy. The conversation continued about their family, when they planned on retiring, etc.

When we looked over the investment statements, Drew said his old IT friend was managing one of the accounts. We discussed our methodology of holistic planning, the comprehensive view we take with our clients. Drew stopped the conversation by admitting that it bothered him that his IT friend only ever discussed investment performance and nothing else. We asked how that made Jill feel, and she said uncomfortable. She went on to say they understood there was more to retirement than investment performance; much more.

Holistic planning is what they were looking for. They didn't use that term, but we all understood. They wanted a coordinated plan that pulled together all the disciplines of retirement planning.

The book you hold is intended to provide a brief overview on several of these disciplines. No book is large enough to contain every financial concern under the sun, but we hope this gives you an understanding of some of the most common topics we talk through with clients. Before we get into the strategies used to help people, let's first look at some of the common concerns.

Potential Risks to Your Ideal Retirement

Ever feel like life gets in the way and prevents you from doing things you should not ignore? If we're honest with ourselves, we've all put off obligations we know are important.

In your case, you may be reading this book because it's time to get serious about financial planning and, specifically, devising a way to best prepare for retirement. A retirement income plan should be based on more components than just your investments or your finances. The preparation of that strategy begins with your desires, ambitions, and goals for this fulfilling season of life.

There's no such thing as a silly question. Not when one of the most common questions we hear from folks regarding retirement is, "Am I going to be okay?" Often, it seems, people are reluctant to meet with financial professionals because they worry they might sound uneducated. Yet, it's understandable for you to be a novice when it comes to financial issues and retirement concerns. You've been busy with your lives and your careers. Time spent away from work has meant time spent being around those you love and engaging in the activities you enjoy. Retirement provides the opportunity to do even more of that, while not fretting over work obligations.

Concerns people have about what they may encounter during retirement can be far-reaching and still perfectly legitimate. For a quick snapshot, we want to provide a brief sampling of wide-ranging issues that can come up during discussions about what to potentially brace for in retirement. This book will touch on many of these issues in further detail.

Politics: A presidential election often stirs emotions regarding potential effects on the economy. Investors grow anxious about how a new president can influence market returns. It's Congress, however, that establishes tax laws and passes spending bills. Yet the president can indirectly affect the economy and the stock

market in various ways such as the appointment of policymakers, development of international relations, and influential sway on new legislation.

Taxes: An example of a president's influence can be cited in signature legislation passed during Donald Trump's presidency, the Tax Cuts and Jobs Act of 2017. However, our tax system remains progressive, so the more you earn, the higher the tax rate within each tax bracket of subsequently higher income. A thorough understanding of tax regulations can be crucial. A financial professional can help identify potential issues a tax professional can help solve.

Inflation: Government spending, which most recently spiked with relief packages designed to assist U.S. citizens during the COVID-19 pandemic, can fuel concerns of inflationary hikes stemming from an influx of money thrust at the same consumer goods. A retiree's income can be impacted by the effect inflation can have on a fixed budget. The value of currency decreases because inflation erodes purchasing power.

Health pandemic: The coronavirus outbreak could impact how Americans view risks and re-examine healthy habits. That, potentially, could be one of the effects of COVID-19 as we assess how long a pandemic can last and if others will occur in our lifetimes. The cost of health care can be surprising throughout retirement. It could become an issue people focus on even more following the pandemic, which had a particularly acute impact on some U.S. elder care facilities.

Cybersecurity: Think you'll give up your smartphone in retirement? No way, right? It's here to stay, along with other intellectual gadgetry, including devices that have not been patented or invented. Retirees are becoming more tech-savvy, yet they can also be more trusting, which can be problematic when responding to potential scammers by phone, text, or email. Cybercrime often uses technology to target potential victims. Scammers, much like technology, figure to only grow more sophisticated over time.