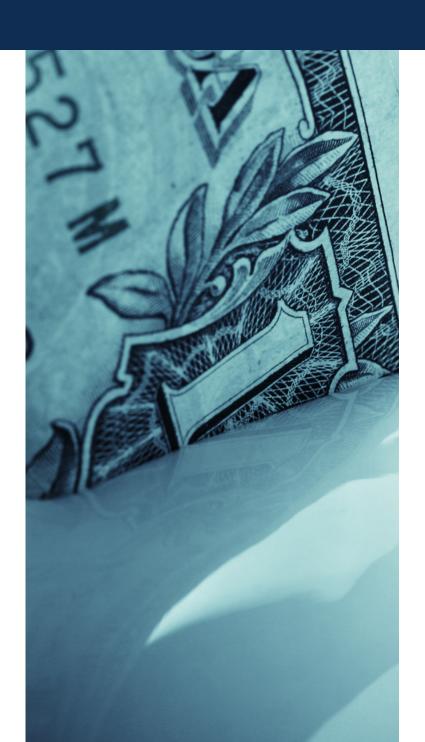
OOPS, DON'T DO THIS AGAIN

Avoiding Common Retirement Planning Mistakes



Most people dream of the day when they can go to bed without having to set an alarm for work. Retirement might seem like a far-off reality but reaching retirement with a viable plan and sufficient money isn't something that happens overnight. In order to live out your retirement comfortably, you'll have to think ahead and plan accordingly. Unfortunately, it's easy to fall prey to common retirement planning missteps.





KNOW THESE COMMON MISTAKES TO HELP YOU AVOID A FUTURE OF STRESS AND WORRY:

- **WAITING TO SAVE**
 - It's never too early to start saving for retirement, and the longer you wait, the harder it will be to save enough. If you wait too long to start saving for retirement, you're losing out on the benefits of compound interest. Waiting too long to save for retirement decreases your financial flexibility because if you start later, you'll have to set aside more money from paycheck to paycheck, impacting your day-to-day expense management. Additionally, starting to save for retirement as soon as you can grants you access to higher risk, higher reward investment opportunities, increasing your chances of saving more for retirement.
- 2 NOT MAKING A RETIREMENT FINANCIAL PLAN
 In order to properly plan for retirement, you need to have a realistic financial plan that considers your planned retirement age, life expectancy, overall health, retirement location, and desired lifestyle. This will help you determine how much money you'll need to save. Look at your plan with increasing regularity the closer you get to retiring and update it according to your changing needs. Working with a financial advisor can help you create an adequate plan that meets your needs.
- FAILURE TO TAKE ADVANTAGE OF COMPANY MATCHING

 If your company offers a 401(k) with a matching program, we recommend you sign up to take advantage of all the available employer match. The employer match amount is usually a percentage of your salary that's essentially free money that you shouldn't leave on the table.
- 4 You might be thinking about investing in the stock market to save toward retirement. Though self-directed investing might seem like a good idea, learning the ins and outs comes with a steep learning curve. If this is an option you're considering, consult with a financial advisor before making investment decisions that might negatively impact your retirement saving goals.
- When you're planning for retirement, you'll need to think about taxes. If you think your tax bracket will be higher when you retire than while you're working, a Roth 401(k) or Roth IRA might make more sense because you'll pay taxes on funds upfront and your withdrawal at the time of retirement will be tax free. If you think your taxes will be lower when you retire, a traditional 401(k) or IRA might be a better option because you'll avoid paying higher taxes upfront and withdraw at a lower rate. We suggest consulting with financial advisor and tax advisor to strategize.

- Whether it's credit card debt, college debt, or personal loans, you won't want to carry any of it into your retirement years. If you're planning on not working, being financially independent grants you the greatest financial flexibility in your retirement years. Having loans to pay in your retirement years strains your cash flow when you're on a fixed budget.
- 7 Advancements in the healthcare and technology spaces have increased life expectancy for the average person. The longer you'll live, the more money you'll need to care for yourself when you retire. Though there's a lot you can do to stay healthy, the reality is that your healthcare needs and expenses are likely to increase with age. The cost of healthcare also increases year over year. These are all factors you need to think about, so you don't end up with insufficient funds in your retirement years.
- NOT ACCOUNTING FOR INFLATION

 At this point, inflation is a word you might be tired of hearing. However, this just demonstrates how it's a reality you'll need to plan for while saving for retirement. If you don't take inflation into account in your retirement planning, your savings might not be enough to tide you over in your retirement years.
- Portion To Balance Your Portfolio

 Market conditions change, and volatility in the market comes with uncertainty that can impact your retirement investments. Therefore, you need to regularly balance your portfolio to maintain an asset mix that meets your needs. If you're close to retiring, you'll probably want to reallocate your assets to less risky investments to avoid the risk of losing your funds.
- TAKING OUT FUNDS EARLY

 Cashing out on your retirement funds before the age of 59 ½ means that you could be subject to hefty penalties and taxes. This is money that you're throwing away. By withdrawing funds early, you also lose out on the benefits of compounding interest. Taking funds out early usually means you'll end up with less in the long run.
- There are many things you consider before deciding to leave a job, and one of them should be whether or not you'll be leaving behind retirement funds you might have earned in the form of employer contributions to their 401k plan, stock options, or profit sharing. You don't have full ownership of these funds until they've vested, meaning that they won't belong to you until you've been employed for a certain period of time.



- 12 No one likes to think about death, but it's a reality, and your retirement planning needs to include estate planning. Determining the beneficiaries of your estate can be a sensitive area of retirement planning but make sure your beneficiary elections and estate are consistent with your personal wishes. If you don't do this, this can lead to unnecessary and hurtful conflict between loved ones.
- 13 CLAIMING SOCIAL SECURITY TOO EARLY
 If you file for Social Security at 62, you'll lose out on some benefits. This is because delayed retirement credits incentivize waiting to collect. The government increases your benefit by an extra eight percent for every year after your Full Retirement Age that you wait to claim benefits up until age 70. If you can wait to file for Social Security, you'll receive more in the long run. Be sure to get an estimate of how much you can expect to get from Social Security benefits so you can properly account for it in your retirement planning.
- Though you might think you'll be able to work forever, you can't predict if you'll experience health issues, family problems, or a layoff. These are common situations that take people out of the job market at all stages of life. Even if you might plan to work, you don't know if you'll be able to, which is why this

isn't a stream of income you should count on when you're planning for

Effectively managing your money for retirement requires careful planning. Though this might seem like an overwhelming task, partnering and regularly communicating with your advisor can help you stay ahead of potential planning mistakes so you're in the best financial position possible when it comes time for you to retire.

Connect with our Retirement team today to learn more about how we can help you.

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