

Financial Planning

Financial Planning:

According to the Boston College Center for Retirement Research, “working longer is the key to a successful retirement for most households.” It’s important to understand that working longer doesn’t necessarily mean working forever.

The report goes on to note that while most households are unprepared for retirement at age 62 (the earliest you can take Social Security), those that work until age 70 substantially improved their “retirement readiness”. Increased longevity, less physically demanding jobs, and better overall health, means people who have the ability to work longer may want to consider the option.

For members of the clergy whose retirement age tends to be slightly later, this creates a real opportunity for those willing to plan accordingly.

Whether its retirement income planning or long term care planning, it’s never too soon to review your retirement objectives. Reviewing your assets and your current income can help you calculate how much income you think you will need once you are retired. A financial planning analysis will also help you anticipate how much additional income your savings can reasonably be expected to provide, in addition to any pension or Social Security income you may receive.

If you have a number of years before retirement, it’s important to consider a portfolio that is in line with your risk tolerance, but also one that will provide sufficient long term growth to provide a hedge against inflation.

If retirement is somewhat sooner, the importance of making sure you understand your income needs and where your income will come from (i.e. Social Security, pension, personal savings) is crucial to the success of your plan.

No matter where you are in the planning process, it’s important to look for any changes that need to be made, and you should monitor your plan over time to help you stay on the path to a successful and fulfilling retirement.

Please see the enclosed checklist to get a sense of where you should consider starting your plan.

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Planning in your 70's

If you are healthy and still working in a job you love, you might be in your 70's when you finally decide it's time to retire. Now more than ever, you will need to coordinate your financial planning objectives with your estate planning objectives.

1. Review your finances and income plan with a professional financial advisor

- Review and discuss the importance of setting up the right withdrawal rate from the appropriate retirement accounts so you don't outlive your savings.
- Make a 20- or even a 30-year retirement plan, especially if longevity runs in the family.
- Make sure your investment strategy meets your long-term goals.

2. "Work the Plan"

- Review your Retirement Income Plan annually.
- Review and adjust your withdrawal strategy to help avoid outliving your assets.
- Consider using an income annuity to improve the amount of lifetime income you receive as part of your retirement income plan.
- Take your required minimum distributions after age 70½, reinvest them if you do need the income into your taxable portfolio.
- Consolidate your assets into one account or one company.

3. Re-evaluate your estate needs

- Update your will if need be. Consider the use of a revocable trust to manage your assets.
- Confirm the beneficiaries on your retirement accounts.
- Examine your estate plan. Review your wishes as to where you estate would go in the event of your passing. Make sure you have addressed your long term care exposure before beginning a gifting plan.
- Consider converting pre-tax retirement investments to a Roth IRA (and paying the taxes at the conversion), which lets you pass assets tax-free to your heirs.
- Update your power of attorney and health care proxy.
- Plan for long-term care for yourself.
- Discuss your estate planning and end of life wishes with family.

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