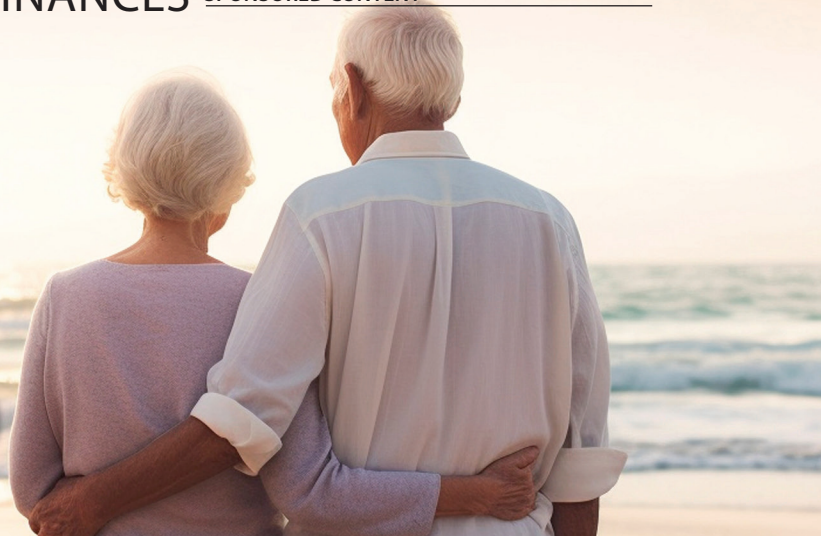


THINKING ABOUT RETIREMENT?



When planning for retirement, there are several headwinds that individuals may face. Some of the common challenges include:

- **Increasing Life Expectancy:** With advancements in healthcare and longer life expectancies, individuals need to ensure they have enough savings to support themselves for a longer retirement period.
- **Inflation:** Over time, the cost of goods and services tends to rise due to inflation. This means that retirement savings need to account for the increased cost-of-living, which can erode purchasing power, if not properly considered.
- **Volatile Markets:** Fluctuations in the financial markets can impact the value of retirement investments. Market downturn close to retirement can be particularly challenging, as individuals may not have the time to recover losses before needing to rely on their savings.
- **Changes in Pension Systems:** Traditional pension systems have become less common with many individuals responsible for managing their own retirement savings such as contributing to 401(k) plans. This shift increases the need to actively save and invest for retirement.
- **Increasing Healthcare Costs:** Healthcare expenses tend to rise as people age, and these costs are not always covered by insurance. Planning for healthcare expenses in retirement is crucial to avoid unexpected financial burdens.
- **Social Security Uncertainty:** The future of Social Security benefits may be uncertain due to factors, such as changing demographics and economic challenges. Individuals should consider the possible impact of reduced Social Security benefits when planning for retirement.
- **Long-Term Care Cost:** If long-term care is needed in retirement, the cost can be substantial. Planning for these expenses, be it through insurance or personal savings, is important to avoid financial strain later on.

These points highlight the importance of thorough retirement planning including saving early, diversifying investments, and regularly reviewing and adjusting the retirement plan to address any challenges that may arise.

With that said, lifestyle is one of the most important factors to consider when planning for retirement. The type of lifestyle you desire during your retirement years will greatly impact how much money you need to save and the financial planning strategies you should employ. Your lifestyle choices will influence various aspects, such as the location and size of your living arrangement, travel plans, healthcare expenses, leisure activities, and overall standard of living.

It is important to envision and estimate the level of comfort and activities you want to maintain during retirement. This includes considering factors such as where you want to live, whether you plan to travel extensively, or engage in costly hobbies and the amount of social and recreational activities you wish to participate in. All these choices come with financial implications that need to be factored into your retirement plan.

Furthermore, lifestyle choices are intertwined with your expected expenses and income sources during retirement. Your lifestyle will dictate your expenditure patterns, and you need to ensure that you have sufficient savings and income streams to support your desired lifestyle. On the other hand, adopting a frugal lifestyle during working years, and into retirement, can enable you to save more and potentially retire earlier or with a higher standard of living.

Overall, lifestyle is a critical consideration when planning for retirement as it helps determine the financial resources needed to support your desired way of life.

Ultimately, the decision to retire should be based on your individual circumstances, goals, and values. It may be beneficial to discuss your options with a Certified Financial Planner (CFP®) to determine the best approach for you. A Financial Planner, who is a Fiduciary, can offer objective advice and will place your interest above their own.



This **Industry Insight** was written by Garrett S. Hoge.

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