SAFE INVESTING SERVICES
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Dan Reisinger, MS (Financial Services), CLU, ChFC
PO Box 188
Kemblesville, PA 19347
Direct 610.389.1231

Planning Considerations for Those Close to Retirement

For those that are a few years away from retirement, the planning objectives start to shift away from accumulation and growth to income planning and capital preservation. There is simply not a "one size fits all" approach mainly because each set of facts and circumstances is different. For example – those that are bringing debt into retirement must consider ways to pay down that debt prior to retirement. Those that are planning to work part-time must consider the tax implications of their earnings and strategize the most efficient way to take social security benefits.

One thing is for certain – in almost every case the need to have steady and predictable income throughout retirement is a key to success. Budgeting is always an important factor in planning throughout one's life and during retirement that does not change. Most retirees use this process to budget for their fixed and variable expenses and use that data to plan for travel and other retirement activities. Planning for a realistic lifestyle is a key element to better assuring that retirement dollars are not exhausted before life is.

Capital preservation is a key element for those in their 60's and on through their retirement years. As Mark Twain once said, "Folks are more concerned about the return of their money than the return on their money". Although each retiree must make the asset allocation decision on their own depending on the risk level that they are willing to accept – an industry rule of thumb has always been that you can determine the maximum exposure to the equity markets by subtracting one's age from 100. For example – a 60-year-old should have no more than 40% (100-60) of their investable assets exposed to the equities market.

Growth investing has always been the place to better assure that one's assets outpace inflation. With inflation being relatively low for many years and interest rates being even lower – the stock market has done well for patient investors who have weathered out the storms that occurred on Wall Street in the 2008-2009 timeframe. Those investors – who are now 8 years older are now deciding whether to stay the course or take their earnings and reduce risk. With all the economic, political, international, and emotional turmoil that is present today – these decisions can be gut-wrenching.

There continues to be more mentions about alternative investing today than at any time I can recall over my almost 30-year career. As these products

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become more mainstream retirees will look to compliment a growing portion of their portfolios to try and produce safer and more sustainable income streams – as well as to have assets that are not correlated to traditional investing models. By placing alternatives into one's portfolio an investor can reduce the beta (measures risk) of their investments while producing predictable and steady returns in positions that have reduced risk than other traditional Wall Street choices.

In closing – while getting "one's ducks in a line" in the preparation for an impending retirement – it is also important to confirm that all estate planning documents are up to date. These will include wills, POAs, living wills, health care directives, trust (if warranted), etc. A solid review of all insurances is also in order paying close attention to planning for the growing possibility of long-term health care expenses.