PROUT FINANCIAL DESIGN

Dennis J. Prout, CFP®

ROADMAP TO RETIREMENT

Avoid the hazards and make your way to a comfortable retirement.

20s

The Roaring Twenties. This is a time of new degrees, new careers and perhaps new marriages. Start strong by understanding your spending habits as well as your current and future financial needs.

- Budget. Budget. Budget. Knowing your expenses is a LIFE LONG practice in understanding cash-flow.
- Begin to pay off student loans.
- Sign up for company 401(k) plan and contribute enough to reach employer's full match.
- Fund a Roth IRA. That money grows tax free for retirement!
- Think about buying a home. What will it take to do that?

30s

Keep On Keepin' On. The thirties are a decade of growth and change. And kids. And homes. The list goes on, but don't neglect your career-self in the excitement.

- Pour your purse into your head. Seriously. Continue investing in your career with continued education. Keep learning and making yourself more valuable.
- Purchase a life insurance policy—you probably have little ones depending on you. In that case, this would be beyond wise.
- Adjust your emergency fund to accommodate your new needs.
- Diversify* your investments.
- Buy a home.
- Create a will.

40s

Becoming Expert. You have a lot of experience and your earnings should be higher now but your expenses may be as well.

- Still don't have a financial plan? Get one! You're entering the prime working years and now is the time to start getting serious, really serious.
- Start saving for your kids college fund by starting a 529 Plan.
- FYI: A tax deferred 401(k) allows you to contribute up to $17,500 a year, can you?
- Consider disability insurance.
- Revisit your will considering that most relationships change during this decade.

50s

Plan Your Second Career . . . Retirement! Prepare to explore the things you never had time for. Do you have a bucket list?

- Create strong financial boundaries with your adult children. Let them figure out their financial future. You have to put your retirement savings into overdrive.
- Make "catch-up" contributions in your 401(k) and your IRA. Why? Because you can! The government will allow you to $5,500 per person for IRA's.
- Get smart about space. What size home do you want to be in for the long haul?
- Consider long-term care insurance, unless of course you want to move in with your kids. It may seem "too soon" to plan for this product; however, it's good to decide before your 60's.
- Review your assets. By now you have a diverse portfolio and various investments. Don't be afraid to map out and rebalance**!
- Travel. You heard me, get out there and enjoy your earned vacation days and health!

60s

Cross Over the Bridge.
Time to shift your perspective from wage earner to. . .? You decide.

- Pick a retirement date. This will help you reevaluate your budget, cash-flow and last minute savings.
- Find an advisor that understands income strategies in retirement. This could be the smartest decision you make during this decade.
- Update your estate plan and consider the state taxes. Who is your power of attorney? Do you want a trust? (make sure your financial advisor has a copy).
- Get smart about Social Security tactics. You can start collecting at age 62, however, delaying social security may mean an 8% growth increase.
- Include the kids. The family money talk might be the most difficult conversation you have, but I promise it will be worth it.

70s and up

Work if you want! According to the Center for Retirement Studies, four in ten workers continue working past 70.

- Regardless of whether or not you decide to continue working, it's a great time to stash away some extra cash.
- Plan for medical needs and managing Medicare.
- Learn how to "gift" by speaking with your attorney and CPA.
- Avoid emotional decisions. During these years you'll be faced with daunting medical news, family incidents and loss. In which case, do nothing until you have wise counsel.
- Succession Planning is a must. If you're still holding onto the family business, learn to let go with the help of an attorney.

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* Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

** Rebalancing can entail transaction costs and tax consequences that should be considered when determining a rebalancing strategy.

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