BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Your Retirement Super Bowl—A Strategic Saving Plan is Key

Right now, you might be more focused on which team will win Super Bowl LVI than on figuring out how much you should be saving for retirement. What's your game plan? The reality is that figuring out how much you need to save is your biggest game — your own personal retirement Super Bowl.

Many news reports and surveys suggest that people are not saving nearly enough for retirement. Financial professionals define "enough" as the ability to replace 75–80% of your preretirement income. It's nice to have a general benchmark like that to start with, but does it apply to you? Understanding the potential variables and how to address them are the key to achieving your retirement goals.

Why you might need a LESS aggressive game plan

Depending on how you envision your life in retirement, your anticipated expenses may be much less than they are today. In addition, you may continue to earn money in retirement to help offset expenses. Here are some reasons you may need to save less than the general benchmark indicates:

- You have a mortgage that you plan on paying off before you retire
- You plan on downsizing to a smaller home, with a much lower mortgage payment
- You plan on relocating to a less expensive city
- You plan on working part-time during retirement
- You anticipate other sources of income, such as investment/rental properties
- You expect Social Security benefits will provide adequate income for your needs
- You will no longer need to financially support children or other family members
- You anticipate good health, with no unexpected medical or long-term care expenses.

Why you might need a MORE aggressive game plan

On the other hand, with retirement potentially lasting 20 years or more, you may want to be more aggressive with your retirement saving goal. Here are some reasons you may need to save more than the general benchmark indicates:

- If you have a mortgage, and you plan on continuing to make payments during retirement
- You want to travel extensively or purchase a second home for an occasional getaway
- You expect higher healthcare expenses
- You anticipate needing long-term care at some point
- You plan on starting your own business and will need to provide funding
- You will need to financially support children or other family members
- You believe that your Social Security benefits will be reduced or inadequate.

Call the plays

There are many variables involved in determining how much you should be saving for retirement. Here are some important things to think about:

- How much you have saved so far
- Desired lifestyle in retirement
- Projected rate of return on your savings
- Rate of inflation in the future
- Uncertainty about the future of Social Security benefits and Medicare
- How long you expect to live
- Future cost of healthcare and medications.

Consider a professional retirement quarterback

If you haven't already, you may want to consider a professional financial advisor to help you with your retirement saving game plan. They can help you keep all your financial goals in perspective, while helping you determine the best investing strategy for achieving them, based on your unique personal situation.

How will your mortgage play into retirement?

Traditionally, homeowners looked forward to paying off their mortgage before retirement and removing the heavy burden of a monthly house payment. But that is becoming less common, according to a recent survey. The 2018 survey, "Retirement and Mortgages," by national mortgage banker American Financing, found 44% of Americans between the ages of 60 and 70 have a mortgage when they retire, and as many as 17% of those surveyed say they may never pay it off. The survey also found that 32% predict they will be paying their mortgage for at least eight more years.

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