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PLANNING PARTNERS

Illuminate Your Possibilities

FINANCIAL LIFE PLANNING:

Six Steps for a More Confident Retirement

After a life spent diligently working and saving for retirement, it seems like the transition into retirement should be easy. The reality is, retiring is often as scary as it is invigorating.

As a pre-retiree, you may have a lot of big questions hanging over your head as retirement draws near: What will you do once you're done working? Where will you live? Will you have enough money to last you for the rest of your life? Are you on the right track to retire?

No matter how diligently you've worked and saved for retirement, it's natural to feel worried about retiring. While two-thirds of workers feel confident that they'll have enough money for a comfortable retirement, according to the [Employee Benefit Research Institute's latest Retirement Confidence Report](#), only 23% are very confident they can make a comfortable retirement happen. As a result, 60% of workers feel at least somewhat stressed about preparing for retirement. Who wouldn't?

A lot rides on your retirement preparedness. If you retire too soon or without enough savings or a plan for how you'll turn those savings into income, you may run out of money later on. Wait too long to retire, and you risk missing out on valuable years of freedom doing the things you enjoy with the people you love.

While no one can time the market, you can time retirement. This book will walk you through the six steps to a confident retirement, from designing that dream retirement lifestyle to figuring out how you'll provide for it financially and determining where to turn for help.



STEP ONE | Know Your Values

The first step to creating a more confident retirement is determining what that retirement will look like. Start by listing your values.

What's important to you in life? Perhaps it's staying close to family, or living in a house big enough to host reunions and holidays. Is volunteering in your community or place of worship important to you? Maybe giving back is a key value of yours.

What do you enjoy doing? Do you love to try new restaurants or would you rather cook more meals at home? Do you love to travel and have a long bucket list of places you want to see? Or do you enjoy spending your nights in a familiar bed?

Think about the activities you want to shape your retirement lifestyle and the ones that give your life a sense of meaning and purpose. One of the biggest emotional hurdles for many retirees is a loss of their sense of purpose without a full-time job. Your job has likely been a defining aspect of your identity for many years. What activities do you want to fill that role when you retire?

What you value and enjoy will help you visualize how an ideal retirement would look. If you value being able to host family gatherings, you might want to retire somewhere that's easy for guests to reach and has affordable homes so you always have enough space. If you value travel, on the other hand, you might prefer to downsize to somewhere with a low cost of living so you can spend more time (and money) abroad.

Think in terms of the big things as well as the small. What does an ideal week in retirement look like to you? What will you do on an average day?



STEP TWO | Get on Board with Your Spouse

Once you've determined your values and how they shape your dream retirement, it's time to bring your spouse in on the conversation. Find a time when you both can sit down together without being interrupted to share your visions for the future.

While you're probably eager to share what you've learned about yourself and the mental picture you've painted for your and your spouse's retirement, make sure you also listen to what your partner has to share. You might start the conversation by asking your spouse what he or she values and helping him or her walk through the process you took in step one of this guide.

Your spouse's vision may be very different from yours, but that doesn't mean you can't work together to build a shared dream. Look for ways you can collaborate and compromise to help each of you do what you want to do in retirement. Perhaps you travel while your spouse stays home, or you only take multiple shorter trips abroad instead of one prolonged trip.

Remember you're building a joint dream; nothing is impossible.



STEP THREE | Prioritize Your Goals

As fun as it is to dream in infinite possibilities, the reality is you may not be able to do everything you want to do in the time you want to do it. The next step to creating a more confident retirement is to prioritize your goals.

Go through the joint financial and life goals you and your spouse came up with in Step Two and assign each a level of importance. What do you want to do most in retirement? Which of your goals are the most important to accomplish?

As you work through your list, try to also assign each goal a dollar amount. How much will it cost to make this goal a reality? This may be a fixed number, like \$100,000 to buy a boat or a \$50,000 529 account for your granddaughter's education. Or it could be a regular stream of income, such as \$1,500 each month to cover the cost of owning a horse.

Wherever possible, set a target date for each of these goals as well. When will your granddaughter need that 529 account? When will you want to buy your boat or horse?

Knowing what matters most and how much you'll need financially and when to accomplish it will help you prioritize where you allocate your financial resources, which we'll cover next.



STEP FOUR | Assess Your Resources

You know where you want to be in retirement and what you want to do when you get there; now it's time to see how you can get there. You will likely have multiple streams of retirement income, such as employer sponsored plans, retirement and non-retirement investment accounts, Social Security, maybe even a pension.

Gather all of your financial resources and estimate how much income they may be able to provide. You can use online calculators to help you do this or work with a financial planner who will gladly run the numbers for you.

You should also explore how when you retire will impact the amount of income you can expect from each resource. For instance, [each year you delay taking Social Security until age 70 can increase your annual benefit by 8%](#). Likewise, would it make more sense for one of you to take a spousal benefit rather than your own?



STEP FIVE | Make a Plan

By now you should have a rough road map to retirement. You know where you want to go, where are today, and the resources you have available to get you from here to there. It's time to create a retirement plan for how each of these elements will come together to provide for a confident retirement.

If you don't have enough money to both retire tomorrow, what will you do to improve your retirement readiness? Maybe one of you can retire while the other keeps working. Or perhaps you're in a comfortable enough spot to both cut down on your hours. What will it take to cover any financial gaps between what you have today and what you need for tomorrow?

You should plan for not only the big things like travel, but also how you'll cover daily expenses. Thinking about how you'll spend an average day. What costs will be associated with your day-to-day activities? How will your plan ensure those expenses are covered?



STEP SIX | Monitor, Review and Enjoy

As you near your retirement date, it's important to routinely monitor your progress toward your goal. Review your plan at least annually and even more frequently as retirement nears to ensure you're still on track to reach your goal.

If your goals change, don't be afraid to revise your plan to accommodate. It's important to stay flexible before and during retirement. Life is unpredictable and so are the financial markets. This is why it's important to work with a financial advisor who can help you adjust and plan accordingly. You should find an advisor who truly cares about your values and understands your needs and aspirations.

At Prism Planning Partners, we illuminate your possibilities by integrating your life planning with your financial planning. As your "Financial Life Planners", we help you define and design your unique version of "the rich life." Whether you're a world traveler or family gathering-hoster, we can help you develop a comprehensive financial plan to align your values and priorities with the financial resources you need to make them a reality.

A confident retirement is waiting for you; we're here to help you make it happen.

We are a group of fiduciary, fee-based Certified Financial Planners™ committed to putting your interests first. [Contact us](#) today and prepare for a more confident retirement tomorrow.

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