

"I've Decided to Retire, Now What?"

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The decision to retire is one of those milestone events that we work towards our entire life, but as that critical date draws near, questions begin to surface. *Will I have enough money? Where will my income come from? Do I have a budget and do I know what it costs me to live? What about inflation? When do I draw Social Security and sign up for Medicare? Will I know what to do with my free time or do I risk becoming irrelevant? What if I become incapacitated and I can't handle my own affairs?*

These are important questions and need to be addressed well before the big day. The Finlay/Roy Private Wealth Management Group has been assisting clients through this life event for almost 40 years. We have outlined answers to these questions as well as the process that our group utilizes to help make the transition in to retirement a smooth one.

Will I have enough money? The single most important question and one that we address through the use of the Envision® plan. The *Envision* plan allows us to model a variety of variables such as expected rates of return on each asset class that you own in your investment portfolio, the impact of inflation, specific goals such as a once-in-a-lifetime trip, the purchase of a vacation home or the more mundane items such as preparing for the additional costs of long-term care. The *Envision* plan is a critical component of planning for your life during retirement and helps to provide you with a clear assessment of the financial viability of your future decisions.

Do I know what it costs to live? This is the one component where we need your help but we can assist you with a budget worksheet, help you to analyze your current spending and zero in on what it costs you to live. Retirement may be more or less expensive than your working years and you will be depending upon Social Security, your investment portfolio and perhaps a pension, an income property or an annuity to fund it. It is a time of vulnerability, but by creating a budget we can tell you whether or not you have enough money to cover your daily needs or whether you may want to continue working for another year or two, take on a lower paying part time job to bridge an income gap or perhaps reduce the amount of projected money that you plan to leave in your estate.

What about inflation? Our *Envision* analysis includes an inflation assumption. When we provide you with an annual spending budget we will also model in a raise each year for the rest of your life to help to offset the impact of inflation and allow you to maintain a consistent lifestyle.

When do I draw Social Security and sign up for Medicare? The Finlay/Roy Private Wealth Management Group has access to a Social Security and Medicare specialist. We will set up a one-on-one conference call and draft a Social Security analysis report which may help optimize the amount of income you will receive over your lifetime. In this call we will also discuss claiming strategies and some critical deadlines for filing for Medicare benefits.

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Where will my income come from? When you move from savings to spending, we analyze all sources of potential income. Typically we begin by consolidating assets in to a more manageable format. You may have multiple 401(k)s at previous employers or investment accounts with other custodians and we can assist in simplifying your holdings and providing a more holistic approach. We will calculate your required minimum distributions on your retirement accounts. We endeavor to create customized portfolio strategies for our clients, designed to generate competitive cash flows through the use of fixed income products, dividend-paying securities, and other income-oriented products. We will work to reduce your current and future tax liability by managing where your spending dollars are drawn and offsetting realized gains with unrealized losses. We will review your estate plan strategy to confirm that you have the legal framework in place designed to help maximize the benefit to your heirs and that the current beneficiary designations correctly reflect your intentions.

We have found that many individuals are unable to cover 100% of their spending needs through dividends, interest and Social Security alone, and pensions have gone the way of retail malls. In the last 35 years the number of individuals covered by a pension plan has dropped from 60% to below 20% making it that much more important to have a well-considered plan. Most individuals will depend upon a combination of income and capital appreciation to fund cash flow. *But isn't that risky you may ask?* History would suggest the capital appreciation is a critical component in the realization of investment goals even during retirement, providing an inflation hedge as well as a funding mechanism for future spending. Remember, you may spend as many years in retirement as you did in the workforce and it's critically important to think long term. Once the optimal portfolio strategy has been determined for you, we sweep the dividends and interest from your portfolio into a central checking account and set up a fixed monthly transfer to your local bank. Our goal is to make this income stream feel as much like the paycheck you have been used to receiving during your working years. We can even have your Social Security and pension check deposited directly to your investment account so that we can monitor it.

What if I become incapacitated and I can't handle my own affairs? We work directly with Wells Fargo Trust and several other independent trust companies that will work in either a fiduciary or agency capacity and have access to investment management, bill pay services, real estate management, oil and timber management and Elder Care services just to name a few. You can have a greater sense of confidence that solutions are available for every stage of your life.

What will I do with my free time and will I become irrelevant? I could make a joke here but I won't. For some, work is life and one of the greatest pleasures, and for others retirement can't come soon enough. It's a topic we spend a great deal of time discussing and although you may think we are simply investment advisors we often play the role of psychologist. We have helped our clients navigate this challenge hundreds of times and can offer a perspective based upon history and observation. The fear of becoming irrelevant is real and can cause undue hesitation or procrastination, but these can also be the greatest years of your life. You've worked hard for the luxury of time, a time to pursue interests that you may have put aside during your working career, a time to explore the creative side of your brain, a time to travel and see the world, to visit family or help raise grandchildren or perhaps care for a family member. Our goal at the Finlay/Roy Private Wealth Management Group is to help you make this the most meaningful time of your life. If we can do our part to remove the stress of finances and address some of these burning questions we may bring you one step closer to that objective.

Whether you are already in retirement or working towards it, we thank you for entrusting us with your confidence. If there is anyone that you know who is asking these same questions and not currently working with our group please don't hesitate to give them our name, we would be happy to have a conversation.

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