

Money

ARE YOU READY FOR RETIREMENT?

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When people who are in the twilight of their working years come into my office, I ask them when they would like to retire. Their response is almost always, "Tomorrow sounds good to me!" By the time people reach the end of their careers, they are usually tired of the corporate rat race, and are anxiously awaiting the next phase of life.

Retirement is the time when people have the freedom to do more of what they want to do and less of what they don't. Also, around this time, people realize that the choices they make will impact the likelihood of having a successful retirement.

People begin to ask themselves the hard questions:

- Have I saved enough money?
- When should I take Social Security to help maximize my benefit?
- How much is health care going to cost?
- Where should I situate my investments?
- Are there ways I can help minimize my taxes?

The list goes on. Many legitimate questions and concerns arise when investors start thinking about their retirement. When you have a steady income during accumulation years, it brings a sense of comfort and security. Even your investments are somewhat insulated from market fluctuations because you were continuing to save money in your 401(k), IRA, etc. When the transition into retirement occurs, that reliable paycheck disappears, and you need to create new sources of income. This is why it is imperative to devise an income-producing portfolio that takes into account the rising cost of inflation, health care, lifestyle, and your dreams. This type of planning requires working with a financial advisor who focuses on retirement.

If your current financial advisor has not spoken to you about repositioning your assets to create an income-producing portfolio with reduced market risk, then it's probably time to start looking for one who will. Generally, there are two kinds of financial advisors: those operating under the suitability standard and fiduciary advisors. Suitability standard advisors are required to only do what may be suitable for the client, but not necessarily what is in the client's best interest. These advisors can also be limited in the products and resources they offer if they are "captured agents." A captured agent is one who can only sell the products available at the firm where he/ she works.



Fiduciary advisors are not limited in financial resources they can use to diversify client portfolios. They are also required to act in the best interest of the client, and the SEC holds fiduciary advisors accountable. Wouldn't you rather have access to the entire spectrum of investment opportunities rather than a limited number of investments to choose from?

Once you realize the difference between a suitability standard advisor and a fiduciary advisor, you might decide it's time to "break-up" with your current advisor. Break-ups are never easy, but this is your financial future we're talking about.

When interviewing an advisor, here are some questions you should ask:

- How do you get paid?
- What is your investment philosophy?
- Are you a fiduciary advisor?
- How often do you monitor my accounts?
- When will we meet to review my accounts together?

Trying to manage all of the components of retirement alone can be a daunting task, but when you work with a fiduciary advisor and financial planning firm that focuses on retirement, it's not that difficult.

There is no perfect investment, but you should review the pros and cons of each option before making an educated decision. Do not take your future lightly. Your choices affect not only you but your family as well. Develop a financial plan that can withstand good and bad market conditions, so you can fill your time with the activities you enjoy.

After all, isn't that what retirement is all about?

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Our recommendations and advice are based on information provided by you, which is presumed to be accurate. Our guidance must be adjusted based upon changes in your financial situation, income requirements, risk tolerance and investment objectives. Please contact us immediately if your financial circumstances change. All recommendations are based upon information that is currently available and are subject to change at any time. Always consult a tax professional regarding your specific tax situation. All investment strategies have the potential for profit or loss. Different types of investments involve higher and lower levels of risk. There is no guarantee that a specific investment or strategy will be suitable or profitable for your portfolio.