

Retirement Questions That Have Nothing To Do With Money

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Retirement planning is not entirely financial. Your degree of happiness in your “second act” may depend on some factors you cannot quantify. Here are a few of those factors as well as the questions they may end up provoking in your mind.

1) Where will you live? This is a major factor in retirement happiness. If you can surround yourself with family members and friends whose company you enjoy, in a community where you can maintain old friendships and meet new people with similar interests or life experience, that is a definite plus. If all this can occur in a walkable community with good mass transit and senior services, all the better. Moving away from the life you know to a spread-out, car-dependent suburb where anonymity seems more prevalent than community may be a bad idea.

2) How will you get around in your eighties and nineties? The actuaries at Social Security

project that a quarter of today’s 65-year-olds will live to age 90, some will live longer. Say you find yourself in that group, what kind of car would you want to drive at 85 or 90? At what age would you cease driving? Lastly, if you do stop driving, who would you count on to help you go where you want to go and get out in the world?¹

3) What will you do with your time? Retirement is not about leaving your old life behind, it is about enhancing the life you have created. It is about writing a new chapter in your life, informed by wisdom and experience. What will that chapter look like? What narrative will unfold for you?

Too many people retire without any idea of what their retirement will look like. They leave work, and they cannot figure out what to do with themselves, so they grow restless. Certainly, you do not want this to happen to you. (continued on page 2)

Getting Your Personal Finances in Shape for 2019

Fall is a good time to assess where you stand and where you could be.

You need not wait for 2019 to plan improvements to your finances. You can begin now. The last few months of 2018 give you a prime time to examine critical areas of your budget, your credit, and your investments.

You could work on your emergency fund (or your rainy day fund). To clarify, an emergency fund is the money you store in reserve for unforeseen financial disruptions; a rainy day fund is money saved for costs you anticipate will occur. A strong emergency fund contains the equivalent of a few months of salary, maybe even more; a rainy day fund could contain as little as a few hundred dollars.

Optionally, you could hold this money in a high-yield savings account. A little searching may lead to a variety of choices; here in September, it is not hard to find accounts offering 1.5% or more annual interest, as opposed to the common 0.1% or less. Remember that a high-yield savings account is intended as a place to park money; if you make regular deposits and withdrawals to and from it and treat it like a checking account, you may incur fees that diminish the savings progress you make.¹

Review your credit score. Federal law entitles you to a free copy of your (continued on page 2)



Getting Your Personal Finances in Shape for 2019 *(continued from page 1)*

credit report at each of the three nationwide credit reporting firms (Equifax, TransUnion, and Experian) every 12 months. Now is as good a time as any to request these reports; visit annualcreditreport.com or call 1-877-322-8228 to order them. At the very least, you will learn your credit score. You may also detect errors and mistakes that might be harming your credit rating.²

Think about the way you are saving for major financial goals. Has your financial situation improved in 2018, to the extent that you could contribute a little more money to an IRA or a workplace retirement plan now or next year? If you are not contributing enough at work to receive a matching contribution from your employer, maybe now you can.

Also, consider the way your invested assets are held. What are your current and future allocations? Some people have heavy concentrations of equities in their workplace retirement plan, IRA, or brokerage account due to Wall Street's long bull market. If this is true for you, there may be some pain when the next bear market begins. Check in on your portfolio while things are still bullish.

Can you spend less in 2019? That might be a key to saving more and putting more money into your rainy day or emergency funds. If your pay has increased, your discretionary spending does not necessarily have to increase with it. See if you can find room in your budget to possibly cut an expense and redirect the money into savings or investments.

You may also want to set some near-term financial goals for yourself. Whether you want to accomplish in 2019 what you did not quite do in 2018, or further the positive financial trends underway in your life, now is the time to look forward and plan.

Citations

- 1 - thesimpledollar.com/best-high-interest-savings-accounts/ [8/31/18]
- 2 - ftc.gov/faq/consumer-protection/get-my-free-credit-report [9/6/18]

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If your life, identity, and social circle revolves around your work, then maybe you should ignore any received wisdom that tells you to retire at a certain age and keep working. On the other hand, if you have goals and passions in mind that you need to pursue – dreams you need to fulfill away from your career or business – then you definitely have the “raw material” to write that next chapter in your life story and retire with purpose.

4) How will you keep up your home? At 45, you can tackle that bathroom remodel or backyard upgrade yourself. At 75, you will probably outsource projects of that sort, whether or not you stay in your current home. You may want to move out of a single-family home and into a townhome or condo for retirement. Regardless of the size of your retirement residence, you will probably need to fund minor or major repairs, and you may need to find reliable and affordable sources for gardening or landscaping.

5) Will your relationships with family and friends change? Should you move nearer

to your children or other relatives? If you have grandchildren, what kind of role do you anticipate playing in their lives? Your significant other may spend more of each day with you than he or she has in years; that may be welcome, or it may take some adjustment.

These are the non-financial retirement questions that no pre-retiree should dismiss. Think about them as you plan and invest for the future.

Citations

- 1 - ssa.gov/planners/lifeexpectancy.html [1/18/18]

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