

Before You Retire, Get Smart

“Missed it by thaaat much.”

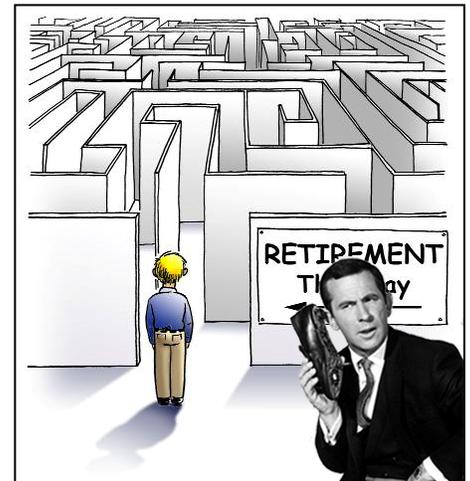
– Maxwell Smart, Agent 86, from the TV show “Get Smart”

Maxwell Smart had a habit of missing his objectives by a country mile. Let’s hope that his tag line doesn’t describe the financial status of your retirement ten to twenty years hence.

So how do you make sure that you don’t find yourself in this situation? Well, a little education and planning go a long way towards retirement preparedness. Whether you’re a DIY type or rely on the services of a planning professional, becoming conversant in retirement planning methodology can only help you in this endeavor.

I have identified some resources that can help get you up to speed on your plan for a successful retirement. In his seminal book on personal finance, Andrew Tobias states that no one cares as much about your financial goals as you do. If you’re going to “own” your retirement plan, now is the best time to take charge.

Navigating the Retirement Maze



Retirement 101

There are countless books on the topic of retirement planning. Here are two I have found useful:

- **Yes, You Can Still Retire Comfortably** (Ben Stein and Phil DeMuth, 2006) – This is what I give to people who want to know how to develop a comprehensive retirement plan. Stein and DeMuth lay out a roadmap for future retirees of all age groups, and provide the numbers on how much to save based on your current assets, income, and years to retirement.
- **The Only Investment Guide You’ll Ever Need** (Andrew Tobias, 2011) – A good, solid set of principles on how to manage your financial life. Think “Warren Buffett meets Dale Carnegie.” The concepts are just as valid today as they were when the book was first published 35 years ago. (Note: I read this when I was just out of college, and it sparked my initial interest in financial planning, ultimately leading to a career in it.)

Budgeting

Although a pencil and calculator are sufficient for managing your budget, these two tools can help you get a better sense of where your money is going:

- Mint.com is a free app available on most smartphones. It aggregates your credit and debit card spending with your cash purchases, and gives you a detailed snapshot of your spending habits.
- Quicken (\$40 and up) is the de facto standard software for managing your finances. It provides more sophisticated planning, budgeting, and investment capabilities than Mint.com, but as Intuit owns both, you can download your Mint data into Quicken.

Social Security

The Social Security Administration Web site includes a calculator that shows you what to expect in SS income. However, it provides little guidance on the timing and ways to claim your benefits, which can have a major impact on your lifetime Social Security income. There are a number of Web sites which, for a small fee, will assess your situation and recommend the best strategies for claiming Social Security. Two worth checking out are MaximizeMySocialSecurity.com and SocialSecuritySolutions.com.

Stay Informed

There are numerous periodicals to help you plan and manage your retirement. My personal favorite is the Kiplinger Retirement Report (\$39.95/year). It keeps you up to date on tax law changes, Social Security and Medicare issues, and other topics related to retirement.

Crunching the Numbers

Online retirement calculators don't usually take into account all of the factors that go into forecasting your retirement income. Still, they're a good starting point for a reality check on where you are versus where you'd like to be. Here are a few of the more useful ones:

- For a quick check – Fidelity's MyPlan is fast (five questions), easy to comprehend, and lets you interactively change your inputs and see the results.
- For a more detailed look – T. Rowe Price and CNN/Money both offer calculators that take into account numerous aspects of your financial situation, along with recommendations for improving your plan.
- For serious planning – If you're ready to create a detailed plan, then give ESPlanner Basic a try. It's \$49, and offers a comprehensive approach to retirement planning. Their full versions (\$149/\$199) give you downloadable software with a much broader range of inputs and planning scenarios.

The Only Constant in Retirement...

... is change. Changes in your life, your financial situation, tax laws, and your investments. Retirement planning is an ongoing process. Make it a regular habit.

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