10 FINANCIAL MISTAKES RETIREES MAKE

Retirement has changed

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Retirement has changed over the last 25 years

The concept, and reality, of retirement is changing drastically. Many Baby Boomers, Gen Eers, and Millennials will have a different retirement from their parents. When you hear the phrase "the golden years," there's no mistaking the topic. You're talking about retirement. A time of relaxation and leisure. The crowning achievement of a lifetime of hard work. A time to travel, play golf, take up a hobby, and make time for the grandkids. A time for anything but work.

But a lot has changed since then. People no longer work for the same company for 30 years, building up a comfortable pension. We're also living longer. In 1950, the average retirement lasted just eight years. Today, it can easily last 20 years or more. Not only is it more difficult for retirees to support themselves over two decades of retirement, that's also a long, long time to "take it easy."

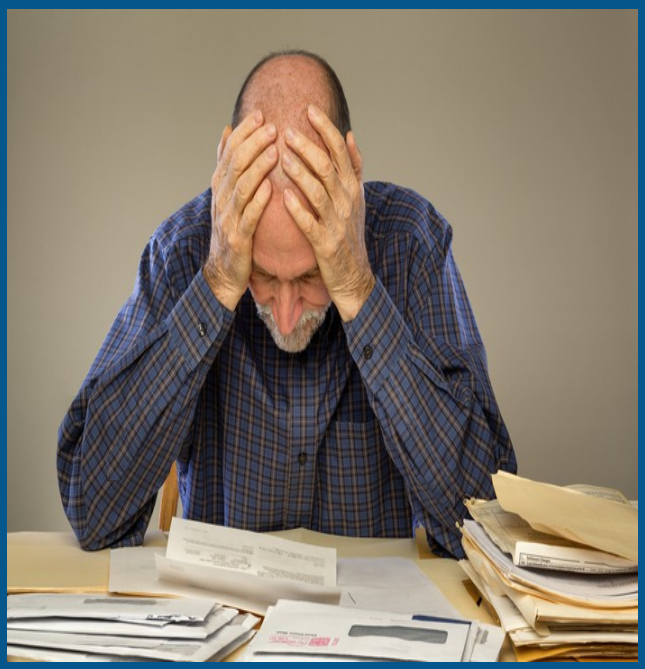
Saving and investing for retirement is probably the single most important issue for the clients of financial advisors, and outliving their retirement funds is a primary worry.

Despite these priorities, however, mistakes are made, often before a client even meets with an advisor or afterward, when the client fails to follow through on the advisor's recommendation or outright opposes it.

1. Putting off saving for Retirement

The single biggest financial regret of Americans was waiting too long to start saving for retirement. Most of us procrastinate with various tasks we need to do -- but putting off preparing for your retirement is a very costly kind of procrastination. Not surprisingly, respondents 50 and older expressed this regret at a much higher rate than younger respondents. Many people do not start to aggressively save for retirement unti they reach their 40s or 50s. The good news is that you may still have enough time to change your savings behavior and achieve your goal, but you will need to take action quickly and be extremely disciplined about your savings.

2. Not having a plan



The most basic mistake that millions make is simply not having a plan. According to the 2017 Retirement Confidence Survey, only 41% of respondents said that they or their spouse has taken the time to estimate how much money they'll need in retirement. Whether your retirement is fast approaching or decades away, it is likely that you do not spend much time pondering what will happen when you stop working. Unfortunately, many people are unable to retire when they'd like to because of their financial situation.

With careful planning, you can avoid this predicament. Planning ahead for retirement allows you to decide when and how you will retire, and whether you will continue to work. Even if you have not begun to plan, you can still start preparing yourself at any time – whether you plan to retire in the next few years, or in the next few decades. It is important to give yourself the best chance for a happy and secure future!

3. Underestimating Healthcare Cost

Health Care Should be Part of Your Retirement Savings Plan, Too. You might think that retirement planning should be all about the fun and rewarding stuff you are saving up for: remodeling your home, traveling, spoiling your grandkids, and enjoying life. But only thinking about the good parts of your retirement leaves a major piece of your future unfunded: health care.

The fact of the matter is that health care could be your largest retirement expense — by a lot. Each year, Fidelity calculates the average cost of medical expenses for a 65-year-old couple retiring during that calendar year. In 2018, Fidelity has calculated that the average couple will need $280,000 in today's dollars to cover medical expenses in retirement — and that figure does not include long-term care.

One way to ease this burden is to be smart about medicare, choosing the plan that will serve you best and making the most of all the program offers. Be good about getting screenings and preventive care, for example, and you might reduce your overall healthcare costs by staying healthier. Long-term care insurance is worth considering, but it's imperfect and is quite costly itself, the older you are when you sign up for it.

4. Being late to sign up for Medicare

Medicare is critically important for tens of millions of retirees, and it will likely be critical for you, too. Just don't be late **enrolling in Medicare**, or you'll pay -- a lot. Your Part B premiums (which cover medical services but not hospital services) can rise by 10% for each year that you were eligible for Medicare and didn't enroll. Yikes!

So when, exactly, should you enroll? Well, you're eligible for Medicare at age 65, and you can sign up anytime within the three months leading up to your 65th birthday, during the month of your birthday, or within the three months that follow. Those seven months are your initial enrollment period.

The thought of missing that period may be worrisome, but there's a helpful loophole: If you're among the many Americans who are already receiving Social Security benefits by the time they reach age 65, you should be enrolled in Medicare automatically. You might also avoid the late-enrollment penalty and be able to skip the deadline if you're still working (with employer-provided healthcare coverage) at age 65, or if you're serving as a volunteer abroad.

5. Not Being Strategic About Social Security

Social Security can provide some financial security, but you shouldn't rely only on your Social Security checks to fund your retirement. Social Security benefits represent about 39 percent of elderly people's income, according to the Social Security Administration.

Don't just start collecting your Social Security benefits at any old time. Learn more about it first, because there are ways to **maximize your Social Security** and some strategies you might employ -- especially if you're married.

For example, you can increase or decrease your benefits by starting to collect Social Security earlier or later than your "full" retirement age, which is 66 or 67 for most of us these days. A married couple can coordinate their benefit-taking, perhaps having the spouse with the lower expected benefits starting to collect early, so that the other spouse can delay starting to collect, allowing those eventual benefits to grow bigger.

Spend a little time learning more about retirement and smart moves to make, and you can end up with thousands, tens of thousands, or even hundreds of thousands of dollars more than you expected. That can make a huge difference in your last decades of life.

There are many more strategies related to Social Security benefits than you may not realize. Consider consulting a professional financial advisor, as a good one might be able to steer you toward a benefit-maximizing strategy.

6. Leaving Money at Risk During Retirement

Hard work, careful planning and decades' worth of wealth-building are the foundations of financial security in retirement. Unfortunately, whether due to complacency, failure to comprehend the risk they're taking or some other reason, many people fail to dial back their stock holdings as they enter the home stretch to retirement. For example, an Employee Benefit Institue Report found that prior to the financial crisis, when stock prices plummeted nearly 60%, more than 40% of 401(k) participants between the ages of 56 and 65 had over 70% of their account in stocks and nearly 25% had more than 90% in equities. With today's plans that are available it is now 100% possible to achieve a growing asset and a growing income during retirement without risking even one dime of your principal.

7. Not Understanding Taxes in Retirement

While it's true that retirees get to reap certain benefits that younger Americans don't -- think Medicare, Social Security, and a host of senior-citizen discounts -- when it comes to paying taxes, older Americans are by no means immune. Though it may come as a shock to many seniors, there are several common forms of retirement income that are subject to taxes. Your taxes in retirement may be a lot more complicated than taxes while you're working.

Social Security checks may or may not be taxed, depending on your income. You'll pay federal income taxes on most retirement plans withdrawls, but additional state taxes depend on where you live. Tax rates on investments can vary as well. The fact is, you can have lower taxes and even MORE spendable dollars than you ever dreamed of, but only if you learn the rules of the game and play it right. If you don't "Taxes in Retirement "can very well become your Worst nightmare!

8.Underestimate your Life Expectancy / Longevity

Can you retire without consulting a financial advisor or some kind of retirement professional? Of course. You can do anything you want to do.Can you retire AND have a secure future without talking with a retirement professional? The answer to this question might be a little more complicated.

The bad news is that studies show that most people — even the wealthy and well educated — know very very little about financial planning. So, going it alone might not be the best idea.

Does your retirement plan enable you to live till 95? Will you outlive your assets? The possibility of someone outliving their money is greater now because people are healthier. There's more preventive care; people are taking care of themselves and they're just plain living longer.

The key to making your money last is a solid wealth management plan that's flexible enough to see you through the long haul.

If you're concerned about outliving your savings, then you'll need to be proactive in avoiding that fate. And there are **steps** we can take together to improve your long-term financial picture.

9. DIY Retirement Funds Management

DIY money managment has beome a commonplace in recent years. Without professional assistance, retirees typically will underestimate and overlook their financial and retirement needs

Where are you getting your financial advice from; internet, friends or family members? If you find yourself in a financial bind you might be anxious to seek advice for how to manage your money. However, it's important to be careful about where you get your advice. Don't let desperation lead you down the wrong path. Bad advice could cause you to make a financial decision that puts you in a worse situation. Your friends and family member might mean well but do you really want to take advice from people who are no educated in finances.

An financial advisor works with you to get a complete picture of your assets, liabilities, income, and expenses. The are your planning partner and educator.

10. Not Having a Proper Beneficiary Review / Improper Estate plans

When people think about planning their financial future, planning your estate is one of the things that often gets pushed to the backburner. Possibly the very worst thing you can do when it comes to estate planning is to simply do nothing at all. Even if you don't own a substantial amount of property or have a fat bank account, you still need to have at least a will.

Estate planning doesn't just involve deciding who gets your assets after you die; it also gives you an opportunity to decide how your finances would be managed if you were to become temporarily or permanently incapacitated. Also, if you become unable to make medical decisions for yourself you can name someone you trust, the authority to make life and death decisions over your health care, including the ability to agree to or refuse medical care, seek admission to or discharge from a hospital, hire and fire health care providers, process medical insurance claims, and all related actions.

Estate planning is not something you can do once and forget about. In the event of your passing, you don't want to leave a financial mess behind for your family. Unfortunately, this is a challenge many people experience far too late in the game. You know, checking in on who you or your family may have named as a beneficiary on your saving accounts, retirement plans, and even your life insurance policies. There are some well-documented stories of ex-spouses, or unworthy family members cashing in when someone dies, simply because they never took the time to review their accounts upon life-altering events. As a result, we offer free beneficiary reviews as a part of our estate planning programs for our clients to make sure your designations are the ones you want.

To Learn more about what you can do to avoid these mistaakes in your retirment, please visit us at www.Financial411.Net or contact us 1-877-529-6543

THANK YOU