

GREGG'S RETIREMENT SECRET SAUCE

11 Ingredients to a Better Retirement

Part 1: Health Insurance

My grandparents' generation had access to retiree health insurance coverage as a retirement benefit. Nowadays, that is rarely the case. In my experience working with clients, health insurance is the #1 reason folks choose to delay an early retirement.

When you work many years and even decades for the same employer, you are probably comfortable with the quality of your health insurance. Upon retirement, COBRA might be an expensive short-term solution for some. For others, they will need to determine if Healthcare.gov (Obamacare) or private insurance outside of the marketplace would be more suitable for them. Others might be eligible for Medicare and will need to decide which coverage is right for them. They might choose a Medicare Advantage plan or a Medicare Supplement plan. Many also add a Medicare Part D (Prescription Plan). We recommend meeting with a health insurance specialist well before your retirement date to make sure you have your health insurance coverage well thought out in advance. Health insurance planning is a critical component of retirement planning that some people overlook.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S

RETIREMENT SECRET SAUCE

Part 2 :Figure Out How Much You Want to Spend

People ask me all the time if I think they can afford to retire with X amount of money in their retirement account. The key consideration to this question is how much you will want to live on in retirement. Remember, for some retirement will be 30 years of unemployment. With proper planning, they could be the best years of your life! Let's dive a little deeper.

I like to break up living expenses into "Fixed Expenses" and "Discretionary Expenses". It may be obvious, but fixed expenses are necessities in life such as utility bills, food, etc. Discretionary expenses are expenses for traveling, hobbies, etc. I encourage you to really spend some time and write down your goals for spending in retirement. How much would you like to travel? Do you want to help your family out? What charitable aspirations might you have? Money is just a tool, but it gives you choices in life. The biggest take-away from retirement income budgeting is you will need to stick to your spending plan. For example, if you don't stick to your retirement income plan, you might end up blowing up your plan and increasing your risk of running out of money in retirement.

Next, you will want to consider the rising cost of living during your retirement years. In other words, if inflation continues rising like it has the past 30 years, you will need an average of 2-3% more money to live on each and every year. What does that mean? Well, assuming the cost of living increased every year at 3% for 30 years of retirement. It would cost you about \$2.40 to buy what \$1 bought in your first year of retirement!

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



GREGG'S RETIREMENT SECRET SAUCE

Part 3: Adequate Emergency Fund

Having a suitable emergency fund or rainy day fund may sound elementary, but it is a very important piece to the foundation of a solid retirement plan. Having done surveys of retirees for many years, we found that more than half of the retirees we surveyed had less than 2 months of living expenses in their emergency fund. There is no one-size-fits-all when it comes to determining how big your emergency fund should be, but the Certified Financial Planner Board of Standards typically suggests 3-6 months of expenses for a couple with reliable & substantial income.

In life, the best laid plans can still go awry. Consider setting up an emergency fund with an amount that allows you to withstand the unexpected. This amount may in fact be more than 6 months of living expenses, based on your spending needs and unique situation.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE

Part 4: Write Down Your Retirement Goals

Brian Tracy says you increase the odds of accomplishing your goals by 10X simply by writing them down. I imagine someone first planning for retirement with a pen in hand writing the last 4 chapters of their life. Think about it. Many will be unemployed for the next 30 years! How do you want those chapters to read? Do you want to travel? Do you want to help pay for college for your grandchildren? Do you want to spend time and resources on your hobbies? Do you want to volunteer or be more charitable? What are you most passionate about?

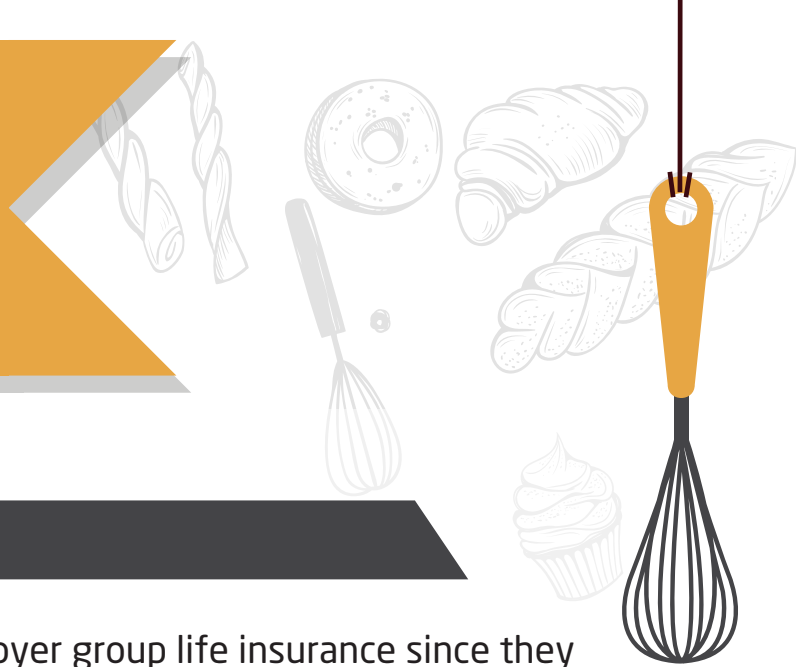
I encourage you to get a firm grasp of the non-financial elements of retirement planning so you will know how to quantify and assess these goals. If you are married, your spouse will likely have different goals that are very special to him or her, which is what makes the planning so rewarding for each spouse.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE



Part 5: Life Insurance

Upon retirement, many lose their employer group life insurance since they are no longer employed. Many people purchased life insurance to protect their spouse or family against the risk of the loss of their income due to premature death. Now that you are no longer working, your life insurance needs may have changed.

It may be a good idea to review your life insurance needs now that you are retired. If your house is paid off and your kids are financially self-sufficient, you might not have the need for life insurance any longer. You might also determine how or if Long Term Care Insurance fits into your overall retirement plan. Why not review your life insurance premiums and coverage to make sure those dollars are being spent wisely at this point in your life?

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE

Part 6 :Social Security/Pension Planning

According to the Social Security Administration, the average earner will be able to replace 40% of his/her income from their Social Security retirement benefit. Keep in mind this is an average. Also, consider that the SSA states that \$1,503 is the average monthly Social Security retirement benefit in 2020. Higher income folks will likely have a higher Social Security retirement benefit, but also have higher monthly expenses than the average person.

According to the Social Security Administration, 34.3% of people claim their retirement benefits at age 62. Fully 57% of Social Security recipients take their benefits before reaching full retirement age.

I recommend taking your time to consider the optimal time to start claiming your Social Security retirement benefit. Many factors go into this decision including your health, your spouses' health & SS benefit, your retirement nest egg, your income needs, employment status, tax implications, etc. Many people look at a "Breakeven chart" and call it a day. Planning carefully can put many more dollars in your pocket over a 30 year retirement.

Pensions come with similar choices. Is the Lump Sum option offered and would it be a prudent choice for your retirement plan? What is the financial health of the pension plan? Ask any Eastman Kodak pension recipient and they might caution you about pension risks.

Are you married? Would a joint spousal survivorship pension give you confidence in your retirement? If you elected the lump sum, how would it be managed to provide the income you desire? Or is your goal to use the lump sum to pass on an inheritance to your spouse, children, or loves one?

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



GREGG'S RETIREMENT SECRET SAUCE

Part 7: Debt

I often recommend folks take a look at their outstanding debt and determine if it would make sense to pay some debt off before retirement. With your income situation adjusting to a new norm in retirement, many feel more comfortable not having monthly debt payments hanging over their heads.

Many folks have personal goals to have their mortgage paid off prior to retirement. This allows them to live on less every month and breathe easier. Others will find themselves in a lower income tax situation and make plans to eliminate debt with retirement funds.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE

Part 8: Investment Portfolio

"What got you here, won't get you there." I don't believe there is a better quote for identifying the difference of an investment portfolio before retirement versus after retirement. Generally speaking, it is advisable to implement an investment strategy that matches your personal goals.

For example, many retirees utilize their retirement savings to support their lifestyle in retirement. Their main goal is income. Let's say you planned on monthly withdrawals from your investment portfolio. It would be prudent to design your investment strategy in a way that aligns with these income goals not only now, but for the rest of your retirement as well. Maybe your primary goal is leaving a legacy for your children & grandchildren. If so, ask yourself how your investment portfolio is aligned with that goal.

Certainly, there are numerous strategies you could incorporate to accomplish this goal based on your personal risk comfort level and income requirements. Again, make sure your investment portfolio aligns with your personal goals.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE



Part 9: Tax Planning

Many retirees were told their entire lives that they would be in a lower "Tax Bracket" once they retire. What they were not told is what those tax brackets would be exactly and how those tax codes would change thereafter for potentially 30+ years of retirement. They also were not told that many of them would pay more for their last vehicle than they did for their first house. Ask my 74 year old father, he will tell you about the price of a 2019 Toyota Highlander!

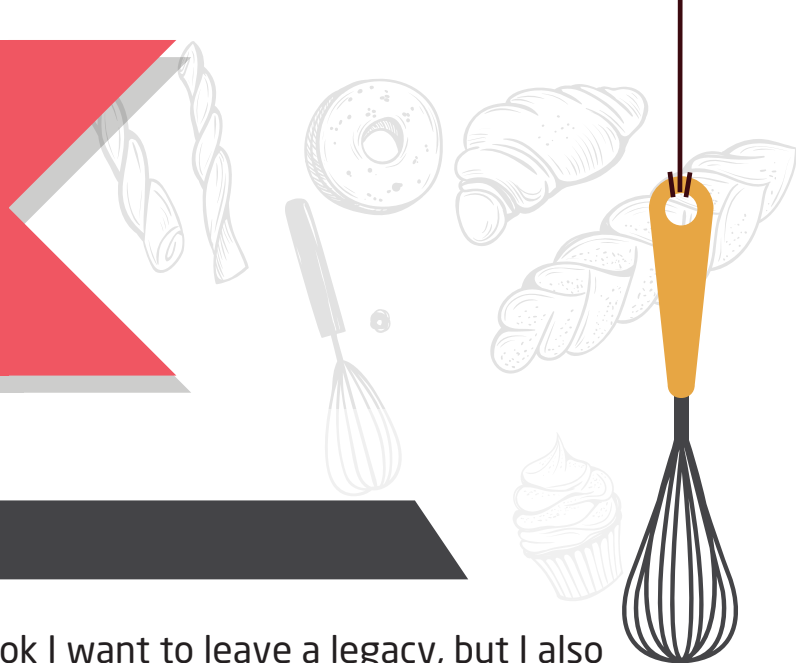
I advise all retirees to have a forward-looking tax strategy that addresses not only this year's taxes, but also the years down the road as well. The goal should be a lower total tax bill over your lifetime. Currently, we are under the Trump tax bill until 2025. That gives us years of opportunity to plan under a consistent tax code. The more money you save yourself in taxes over the long haul, the more you will have left for the years ahead. Plan ahead or use a qualified tax advisor to help you. You will be glad you did.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE



Part 10: Legacy Planning

I once had a client say to me, "Gregg, look I want to leave a legacy, but I also don't want to ruin my kids' lives." It was such a profound statement that I have never forgotten. Estate planning, legacy planning, or whatever you might want to call it is an extremely important component of a successful retirement plan. If something happened to you, wouldn't you want your retirement goals, such as helping fund your grandchildren's college education, to still be accomplished?

What happens if something unthinkable happens to you? What would happen if your children inherit your nest egg and then end up sued or divorced? Who is in charge of financial or medical matters if you or your spouse becomes incapable?

These are some of the many questions that can be addressed with a proper estate plan. The number of people who die every year without a will, trust, or other estate planning documents would absolutely shock you. Your lifelong goals may evolve over time as your family grows, goals change, etc. As time goes on, you have the ability to take charge and adjust your legacy plan to match your wishes. Get started today, even if that means starting the conversation with your spouse, family, and loved ones.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.

GREGG'S RETIREMENT SECRET SAUCE

Part 11: Professional Help

Some folks will be able to successfully design their own retirement plan and investment strategy. For some it has even become an enjoyable hobby for them. They might even go to the library and read as much as they can find. Others don't have the interest or the time to dedicate towards this much planning. Both types of people can have successful outcomes. However, if you are in the later camp, I suggest you seek professional guidance. Yes, it may come with a cost associated with it, but the outcome will likely be better by hiring a professional for guidance.

It's the same with auto maintenance. Some people can work on their own car, while others cannot. I think everyone will agree that neglecting a vehicle's necessary maintenance will eventually lead to a negative outcome. It's the same with retirement planning, which is an ongoing process similar to maintaining a vehicle.

DISCLOSURE: The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

This is a hypothetical example and is not representative of any specific investment. Your results may vary.

This article is intended to assist in educating you about insurance generally and not to provide personal service. They may not take into account your personal characteristics such as budget, assets, risk tolerance, family situation or activities which may affect the type of insurance that would be right for you. In addition, state insurance laws and insurance underwriting rules may affect available coverage and its costs.

Gregg Gonzalez, CFP®
gregg@retirestl.com
RetirementMadeEasyPodcast.com
Phone: (636) 530-9977



Securities and advisory services offered through LPL Financial, A registered investment advisor, member FINRA/SIPC.