



faith . discipline . patience

If you put the cart before the horse you'll probably not get very far.

With retirement planning I firmly believe you need to state your goals before you know how to manage your finances. Otherwise, your decisions may be scattershot and not necessarily pulling in the right direction.

I'll gladly admit retirement planning can feel like a chore. But this first stage of your plan can actually be fun. This is the time you allow yourself to dream a little. Don't approach this from a money standpoint first. Just write down some main things you'd like to happen.

It could be things like a new, unpaid career or a reduced work load to free up your time to do something you're passionate about. Maybe it involves living part of the year or permanently somewhere else, possibly closer to grandchildren. Or maybe it's simply a slew of bucket list items. Whatever your goals make sure you honestly think through what you'd like your future to hold.

Next, translate these goals into dollars. How much money do these goals require?

For one-off items like a trip or a car it's easy.

For general maintenance of a lifestyle it can be a little trickier. I think one decent way to estimate your expenses in retirement is to simply assume you'll spend about the same then as you do now. (If you still have children under your care you'd need to eliminate these expenses. At some point they'll take care of themselves, right?)

Old rules of thumb used 80% of work life expense levels to estimate your retirement expenditure. I'm not so sure. Based on my experience with clients it seems some spending goes up while other things go down but the total while in their 60s and 70s doesn't necessarily change much.

Next step is to figure out your future income sources to see how these may match up against your goals. It will require some data gathering. More on that next week.

Remember that for each step you'll get closer to answer the question 'am I ready to retire'.

Good luck.

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