Saving for Your Post-Retirement Plans

By Patricia Lampert

Recently, for my 50th birthday, my husband Tom and I went to Italy to celebrate this exciting milestone in my life. You're probably thinking I am lying when I say I am excited about turning 50, but truth be told, I am. Since my father only made it to 51, I am grateful for being alive and for the blessings bestowed on me throughout life. One of my major interests has always been to travel. I started way back when I was 17 and haven't stopped yet. I have always had an income to some degree, so travel never seemed to be much of a problem. But now I am a little concerned that after retirement I'll have to make some changes to my travel plans. This thought hit me while in Europe. My first trip to Italy 25 years ago cost me $600 for two weeks (plus airfare). On this current visit, that amount definitely wouldn't have gotten us through the entire trip. Inflation and the weakened U.S. dollar really do decrease our buying power. So, what will it be like during those retirement years and how should you prepare for travel or similar types of expenditures?

As you all already know, the best advice is to establish a set of goals for your future retirement. The key variable for a comfortable retirement will be the ability to plan well and make the resources last. To accomplish this, one must understand the five key risks identified by financial planning experts: longevity, inflation, asset allocation, excess withdrawal and health care expenses. Obtaining a clear understanding of where you stand financially now will impact your financial future exponentially in a positive way.

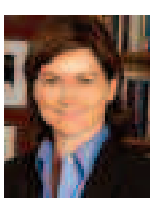
Think balance. Your cash resources should not just originate from your retirement accounts, but also from non-retirement accounts that are readily accessible or liquid. During retirement, it is suggested that retirees evaluate drawing down from taxable accounts, as well as their retirement accounts. In some cases, a tax-efficient withdrawal strategy can provide more income during retirement. Finding the appropriate withdrawal rate for both types of accounts will serve your goals wisely and you should be fine.

Also, you may want to think beyond securities and mutual funds, and think about real estate. As realty prices across the nation continue to soften, think about where you would like to retire, how many months during the year you'd like to live there, and how you can start creating a plan to ease the cost during retirement. In other words, where you could imagine yourself living in a vacation mode. It has been reported that many seniors are selling their large houses and going for an urban condominium lifestyle. This new retiree lifestyle may reduce living expenses and lend itself to an easier, simpler life freeing retirees up to get out on the road more often.

If you already own real estate that is not generating income, you may want to consider a 1031 exchange and convert the assets via a tax-free exchange to generate additional income using real estate investment trusts (REITs).

Whatever your post-retirement desires, you should be thinking about them now.

If you are already retired, you should revisit your retirement goals and perhaps reposition some of your assets to achieve your goals. Establishing a financial plan is always good, and an excellent way for you and your spouse to put in writing those suppressed goals to see if they can be reached, and which assets should be tapped or used to manage the costs.



Patricia Lampert, CFP® of Allegheny Investments, Ltd. is a Certified Financial Planner in Peters Township and is available to discuss strategies that are the right decision for your family. She can be reached at 724-743-4755, or by e-mail at plampert@patricialampert.com. Visit her web site at www.patricialampert.com. Securities through Allegheny Investments, Ltd., 811 Camp Horne Road, Pittsburgh, PA 15237, 412-367-3880.