MONOTELO ADVISORS

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5 THINGS YOU CAN DO RIGHT NOW

to Help Improve Your Retirement Years

When most people think about retirement planning, they focus on growing their money, but they often overlook other critical issues. Eventually you will be shifting gears to preserve what you saved over the years. Taking a few simple steps today can help equip you for the time when that shift takes place.

1 THE INCOME PLAN

Build a plan so that you don't run out of money for yourself and your spouse during your lifetime.

While this is easier said than done, you can start by figuring out how much money you'll need to cover your living expenses. This would include fixed expenses (mortgage, rent payments, insurance premiums, etc.), variable expenses (food, clothing, car maintenance), outstanding debt (car payments, student loans, credit cards, etc) and any predictable large purchases (a second home, a new addition, vacations, etc.).

Your guaranteed sources of income, such as Social Security or a pension, will be used to pay those expenses. If they aren't enough, you will need to find other income sources.

2 THE PROTECTION PLAN

While the odds of your house burning down are less than 3%, most people wouldn't consider going without fire insurance for their home.

It's equally, if not more important to address the risk of "burning down" your income plan. For example, the chances are fairly high that you or a spouse will have some kind of long-term care need. These expenses tend to be high and tend to carry on for extended periods of time. As a result, you need to consider this risk.

Another risk to consider is the risk of a pension payment getting reduced. For those who plan to retire on a significant pension, this is a very real and present risk that should be addressed in your plan.

3 THE APPRECIATION PLAN

Once you have addressed the income and protection needs, it's time to address how to continue growing your money. Conservative, aggressive, moderately aggressive…. You need to identify your capacity to take risk. Once you have properly identified your risk tolerance, you can then begin to focus on portfolio appreciation.

The reason this step is crucial is that you do not want to sell at market bottoms when your emotions get the best of you. This happens when you set your portfolio to take more risk than what your emotions can handle, and this is a recipe for disappointment.

4 THE TAX PLAN

Keeping your taxes as low as possible should be front and center, and there are a variety of ways to do this.

One example would be to focus on asset location, as opposed to asset allocation. Asset location focuses on WHERE you chose to do your retirement saving (IRA, 401K, 403B, Roth IRA, whole life insurance, etc), while asset allocation focuses on WHAT you chose to invest in inside the account. Asset location matters because this will have a direct impact on the tax implications when you need to access your money saved for your retirement years

5 THE ESTATE PLAN

Some estate planning may also be in order to protect yourself from taxes–particularly in states that have an estate tax, as the exemptions levels are usually much lower than the federal level.

Taking care of loved ones in the future can also be a primary concern for many. Consult with an attorney to understand the legal documents necessary to ensure the efficiency of your estate, including a health care power of attorney, financial power of attorney, health care directives, wills and trusts

At Monotelo, we exist to make a difference with meaningful and actionable financial solutions that positively impact our client's lives. If you have questions about what steps you can be taking to prepare for your retirement years, call us at 800-961-0298.