6 KEYS TO CREATING YOUR RETIREMENT GAME PLAN

YOU ARE MORE RESPONSIBLE FOR YOUR RETIREMENT PREPARATION THAN PAST GENERATIONS.

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The story of retirement is changing. The rules are vastly different from the days of our parents and grandparents. The normal path to retirement then included a steady pension from the employer, a stable social security check and maybe a little bit of savings.

For most people, those days are over. Here are six keys for creating a retirement game plan in today's changing world:

STAY OUT OF DEBT.

If you're nearing retirement, chances are that your parents went through the Great Depression. They learned thriftiness and appreciated the things they could call their own. They saved their pennies; dollars had a big significance. Baby boomers aren't as good at saving as their folks were. If you do like to spend money, then focus on paying cash! If you don't have the money today, learn to save for purchases. Two, three or four months later, you'll have the cash. Five to 10 years from retirement is not the time to be taking on new debt.

IF YOU'RE 15 YEARS FROM RETIREMENT—OR LESS—FOCUS ON PAYING DOWN ANY MORTGAGES YOU HOLD.

Your mortgage can be one of the largest liabilities you hold in retirement. When the paychecks stop, the entire dynamic changes. We don't know which direction the economy could turn, and having your name on that deed can help you sleep peacefully at night.

SAVE ENOUGH FOR RETIREMENT.

Many people don't know how much to save for retirement—or even where to begin. Here's a handy guideline for milestones to shoot for:

- At age 35, have one year's worth of your current salary saved.
- At age 45, have three years' salary saved.
- At age 55, have five years' salary saved.
- At age 67(at retirement), have eight to 11 times your current annual salary saved.

STICK TO A RIGOROUS BUDGET.

Now let's talk about a revolutionary concept that many in their highest-earning years are unfamiliar with: the budget. Nail down where you are spending money as early as possible. Next, make sure your pre- and post-retirement budget includes not just your mortgage and utilities, but also food, fun, travel, taxes, insurance, etc. Unless your retirement objective is to eat ramen and watch Three's Company reruns, the sooner you can come to reality with what you will and won't need, the less painful this transition into 30 years of unemployment (retirement) will be.

CHECK YOUR PLAN FOR RISK TOLERANCE.

Whether you need $250,000 or $2.5 million to retire, the sooner you have a written income plan in place, the sooner you can adjust your asset allocations in your portfolio to account for your risk tolerance. Once you've identified the number you need to retire confidently, and are approaching that day, reconsider your exposure. Now that risk is a liability, you'll want to consider getting rid of as much of it as possible. The years you once had to recover from market downturns are over. Protecting yourself is paramount to helping ensure you hit your retirement number on time.

MAINTAIN A DIVERSIFIED PORTFOLIO.

Remember the three most important words in retirement: income, income, income. Gone are the days of retiring with a pension. Most retirees will face an income shortfall at some point in their retirements. You don't want to find yourself in a position where your monthly income is tied to sleeping bank rates or the stock market's volatility. Do your due diligence when walking into the world of purchasing income. Be sure to set your expectations on your objective.

Note: An annuity is not an investment. It is actually an insurance contract that essentially transfers the risk of longevity from the individual to an insurance company. Annuities are insurance products that may be subject to restrictions, surrender charges, holding periods or early withdrawal fees, which vary by carrier. Riders may include surrender charges, longer surrender periods, lower caps or other restrictions. Annuities are not bank or FDIC insured. When considering true diversification, an annuity should act only as a piece of your retirement puzzle.

The tools needed for accumulating retirement income have definitely changed from our grandparents' era. However, the definition of retiring will remain the same for generations to come:

Retirement should be waking up in the morning without money concerns. You've worked hard your whole life. Your retirement should be about focusing on your family, friends and hobbies. The ultimate goal is to achieve financial independence, so you can spend your money with confidence and be thankful for the things you have.

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