

5 Retirement Questions a Busy Executive Will Not Face

Topic: Retirement Planning Needs Early Attention

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Executive Summary: Here are 5 tough retirement questions that a busy executive and spouse should face as early as possible together.

A corporate executive is a warrior who faces tough questions in his business everyday. Yet that same warrior turns into a lamb when it comes to planning for his own financial future. Here are 5 questions that many busy corporate executives will not face but should be addressed immediately:

1. How would my spouse and I like to live during retirement?
2. How long will my spouse and I live in retirement?
3. How much money do we need to support our lifestyle in retirement?
4. Are we saving at the right pace to achieve our retirement nest egg?
5. Are we investing our corporate benefits and savings in the most efficient manner?

How we would like to live in retirement?

Conventional wisdom has been that we should retire on 70% of our final income to maintain our standard of living in retirement. However, experience has shown that most high earners need as much or more than their final income in the early years as the pent-up desire for travel and other long-denied pleasures are enjoyed. While income needs may fall off in the middle years of retirement, it rises again when nursing care is required. Some experts have suggested between 80-90% of final earnings (increased by inflation each year) is a more realistic goal to maintain our current lifestyle.

How long will my spouse and I live in retirement?

Current statistics show that women are expected to live beyond 80 while men are expected to live beyond 75. However, the ages are slowly increasing each year. By 2050, the census bureau estimates women will live to be 87 and men 81. We believe clients should plan on at least one spouse living into their 90's to adequately fund their retirement.

How much money do we need to support our lifestyle in retirement?

Many variables must be considered to determine how much you need to save for retirement: when you want to retire, how many years you will spend in retirement, how much money you will spend, how your investments are allocated, etc. Many people underestimate how much they will spend in retirement. It is true that in the later years most retirees need less income, but in the early years most executives spend about the same in retirement as they did before they retired. To accurately forecast retirement funding needs, put together a current cash flow and determine what would be a comfortable retirement income in today's dollars. Based on that and the other variables, Vantage can provide you an estimate of how much you should save and how it could be invested to provide the type of retirement you envision. A retirement plan should be constantly monitored and adjusted when necessary.

Are we saving at the right pace?

Most executives see the wisdom of saving by in their company's 401(k) plan. Deferred compensation plans, bonus deferral options, restricted stock, performance units and stock options are sometimes available to the corporate executive. However, most executives have no idea how all the moving parts fit together or if they will add up to the right amount at the right time for retirement. At Vantage Financial we will fit all the corporate pieces with your outside investments and show you how your entire financial picture compares with where it should be at your current age to reach your desired retirement goals.

Are we investing our corporate benefits and savings in the most efficient manner?

While putting all the pieces together to project your retirement nest egg is a valuable service, the most valuable service Vantage performs is to analyze the investments and integrate them all into a comprehensive tax efficient portfolio. We design the overall financial plan to include all the necessary asset allocation groupings which could increase the probability of achieving the returns of the market. Tax advantaged assets are favored for taxable accounts and those that aren't tax efficient are put into tax deferred accounts.

The information contained herein is of a general nature and should not be relied upon without first consulting a financial advisor. If you would like further information please email info@vantagefinancial.com.

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