VANTAGE POINTE
Vantage Financial Partners Limited

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FIVE FINANCIAL GOALS FOR YOUR FIFTIES

The decade of the fifties is often characterized by change. Children leave home to attend college or enter the workforce and thus discover their own adult lifestyles. Grandchildren may join the family and redefine empty nesters as doting grandparents. Intentional financial decisions should be made at this time as well, to help smooth the approach to retirement. Consideration of these five important financial goals is fundamental during this era.

ELIMINATE DEBT BEFORE RETIREMENT

Retiring without consumer or mortgage debt is a necessary goal for everyone. While elimination of debt is not a prerequisite for retirement, it can make financial decisions much easier and offer more opportunities for choice. By eliminating debt, you will make smaller withdrawals from your nest egg for living expenses. If you carry debt into retirement and your investment returns prove to be less than sufficient, you may be inclined to decrease your living expenses for a time. However, with monthly debt costs this could prove troublesome.

BE TAX-EFFICIENT WITH INVESTMENTS

The decades of the fifties and sixties may provide the highest salary of an individual's career. If investments have grown over time, they can also provide higher income through dividends and interest. In this situation it is important to be aware of potential tax effects. For example, it is helpful to defer as much of your salary as possible to your employee retirement plans. This will prevent current taxation of that portion of your salary at a high tax rate and will offer the potential for these funds to be withdrawn and taxed at a lower tax rate during retirement. If investing in a brokerage account, it is good to be cautious about the funds used due to the potential tax consequences on distributions. There are many considerations to explore when investing later in life, so it will be beneficial to discuss your options with your tax advisor as well as your Relationship Manager.

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WORK WITH A FINANCIAL PLANNER

During the early phases of earning and investing, things are relatively simple. An individual works to earn as much as possible, to avoid debt and saves and invests wisely. The fifties usher in a new stage of life and a new mindset toward planning for retirement income needs.

At this time it becomes even more important to assess your rate of saving and review your overall financial plan. This type of review and analysis will reveal many options and opportunities. Understanding which ones are best for you can be complex and may require an extensive knowledge base of the many types of investments and tax deferred saving options available. A significant amount of time is required to analyze and track your progress too. It is important to consider working with a fee-only planning professional who can discuss these factors with you and who is required to disclose any potential conflicts of interest and hidden fees.

RESEARCH LONG-TERM CARE INSURANCE

According to the U.S. Department of Health and Human Services, at least 70% of people over sixty-five will require some sort of long-term care in their lifetime. This is why it is important for those in their fifties, while still relatively young, to research buying Long-term Care Insurance. This insurance can pay for the expenses of in-home nursing care, an assisted-living community, or a nursing home. Medicare will not completely cover such expenses, and only those eligible for Medicaid will receive government funds for such care. The premiums may be higher than other types of insurance, but serious forethought is important when you consider these facilities may cost around $83,000 per year (in today's dollars).

ADJUST SAVINGS AND GOALS

While considering retirement, many find themselves in one of three camps: "I know I can't, I think I can or I know I can". Now is the time to assess what your current mindset is in order to adjust your path and/or current saving habits to make your retirement goals a reality.

The "I know I cant's" may not have planned or saved well enough. Perhaps they don't know if their retirement picture is achievable, they do not have well-defined goals or circumstances beyond their control have affected their planning leaving them in position where retirement seems impossible. If this is you, it is important to receive assistance in developing goals and a savings plan to help you move in the direction you want to go.

The "I think I can's" may have a vague idea of a potential retirement plan and perhaps even understand some of the costs to realize that plan. However, these individuals are not set up to monitor their progress and may not know where they are toward meeting these goals. If this is you, it is important to record your goals and target numbers so they can be analyzed and adjusted as necessary. Talking with one of our Relationship Managers will help you know where you stand.

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The "I know I can's" have anticipated well and prepared for their retirement by setting realistic goals, saving diligently and investing in appropriate ways. They regularly monitor their progress and quickly make adjustments when necessary. Their retirement goals seem achievable and they have a sense of confidence that they are on the right track. They may even have attained the luxury of slowing down their savings and enjoying more of their current earnings.

Knowing where you are and what changes you need to make becomes critical as your retirement day draws closer. The decade of the fifties is a good time to thoroughly evaluate your current finances and their relationship toward meeting your retirement goals. Starting with these five goals will help you know where you are and allow you to determine where you can go. Working with the team at Vantage will help you with this timely and important evaluation.

VANTAGE NEWS

FREE WEBINAR PROGRAM BEGINS NEXT MONTH

Starting in June we will begin offering free webinars. The first is 'Five Financial Goals for the Fifty-Something' and will be a supplement to this month's letter discussing considerations for those moving closer to retirement. Join us on Thursday, June 9th at 12:30pm for a 25 minute webinar. There is a limited number of registrations available so don't wait! If you are interested, please click here to send an email R.S.V.P., which should include your name and the number of attendees along with a daytime telephone number. Log-in information and instructions for the webinar will be sent via email the day the webinar is being held.

CONGRATULATIONS TO ANNE!

Join with us in celebrating Anne's hard work and fabulous accomplishment—successfully passing the CFP® exam. Anne, our Financial Planning Associate, who joined our team at the beginning of this year, sat for the CFP® certification examination back in March. The CFP® certification is the recognized standard of excellence in the field of financial planning, and we congratulate Anne on this achievement. Vantage is committed to supporting its team in continuing education and professional designations which will ultimately benefit you, our clients. Anne will continue to work towards accumulating the required three years of experience necessary for full CFP® certification, at which time she'll be eligible to add the CFP® certification marks beside her CPA. Way to go!