



Are You Prepared for a 30-Year Retirement?

Funding your retirement will take financial planning prowess, as there are many things to consider in developing a successful retirement strategy. Have you thought about these issues?

How long will you need income?

Most retirees underestimate their life expectancy. Did you know that an American man who's reached age 65 in good health has a 50% chance of living 20 more years to age 85? and a 25% chance of living to 92? For a 65-year-old woman, those odds rise to a 50% chance of living to age 88.

The double bite of inflation

The increased longevity that retirees can expect contributes to the serious risk of inflation, which has two negative effects on retirement planning – it increases the future costs of goods and services and it erodes the value of a retirees' savings set aside to buy those goods and services.

Rising Health Care Costs

Medical costs are rising faster than general inflation, private employers are offering fewer benefits to retirees and possible funding shortfalls may be ahead for Medicare and Medicaid.

Asset allocation: stuck between a rock and a hard place

The double whammy of longevity and inflation creates an asset allocation dilemma for retirees. Invest too conservatively, and your money may not grow enough to last your lifetime. Invest too aggressively, and you run the risk of capital loss.

The financial planning process

After years of building your retirement nest egg, switching to spending those funds can be complicated. But it doesn't have to be. A comprehensive financial plan considers longevity, inflation, rising health care costs and more in designing a strategy for your success.

The financial planning process begins by teaming with a financial professional. Together, you will summarize specific sources of retirement income, assets available for retirement and the costs of maintaining a desired standard of living. Using comprehensive tools that consider the impact of taxes and inflation, a financial professional can project whether your retirement income and assets will support your desired standard of living.

Your financial plan provides a valuable roadmap to guide your retirement strategy. However, like a road, the future may bring twists and turns that will require updates to your plan. The key to success is flexibility and a willingness to adapt to new situations.

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