



How Do You Know When You're Ready to Retire?

You've been planning your retirement for years: what you're going to do, where you're going to live, and how you're going to pay for it. But knowing when it is time to retire can still be a very difficult decision. Here are a few questions to answer to help you decide if you are financially prepared to retire.

Have you determined your monthly expenses needed in retirement?

Take the time to develop a budget. What will your expenses be and what funds will you be receiving: social security, retirement benefits, etc.? Also, don't forget to include medical expenses especially if your medical plan will be changing during retirement.

Have you reviewed the allocation of your investments to determine if they are accurate?

Make sure you make the necessary adjustments to your investment funds to prepare for retirement. There are a number of ways to allocate your funds during the payout phase; it may help to have a professional help you make those adjustments.

What withdrawal rate is reasonable when using your investments as a source of income?

Experts usually throw out 4% as the "safe" withdrawal rate, but it really all depends on at what age you are retiring, your life expectancy, your funds and monthly expenses. Your Investment Advisor can work with you to determine a reasonable withdrawal rate.

Have you considered the effect of inflation on your retirement assets and income?

When developing your plan, you'll want to make sure you account for inflation. Determine the amount you will need to live on per year and use a 3% inflation rate to determine your needs for subsequent years.

