

Are you really prepared for retirement?

One of the greatest risks for you as a person retiring today is considered to be the danger that you may outlive your assets. This is because of several factors: inflation, increased longevity, hyperinflation of medical expenses, and the costs of long term care if you survive into your 80's and 90's.

Unlike Social Security, your pension benefits from the Trust do not increase with inflation. So, you need to carefully determine how long you can financially support your desired lifestyle in retirement.

You may want to get professional assistance in making this determination from someone like a Certified Financial Planner or other financial professional.

The good news about retirement is that advances in science, technology, and living standards have led to longer life expectancies. This means that you can expect longer retirement years than previous estimates indicated. This allows for more time with family and friends and time to achieve those lifelong aspirations.

You should remember to include your family in your planning. It is important that they know your wishes, especially in regard to topics such as long-term care. They will also be a great resource for further information and, more important, of support.

By planning, you may avoid some of the pitfalls that many retirees of today face, and you will have a greater probability of a comfortable retirement.

More than 50% of baby boomers will outlive their retirement savings. Retirement savings includes all sources of pension income.

Make sure you understand the health care benefits currently offered by your and your spouse's plans. **Be aware that benefits under retiree health plans are not vested** and could, under certain circumstances be reduced, changed or even eliminated. The years just prior to Medicare eligibility are generally the most expensive for private health insurance.

Coordinate the receipt of your Social Security with your plans for any work after retirement and other sources of income. The assistance of a financial professional may help you to figure the optimal time to begin taking Social Security given your individual circumstances. Note that the age at which you can draw unreduced social security ranges from age 65 to age 67 based on your date of birth.

Don't put all your eggs in one basket, and don't assume that inflation will remain moderate forever.

What are you doing to hedge against inflation in your retirement years?

Did you know that if you retire young, a large percentage of your retirement income should be deferred into a retirement plan to hedge against future inflation? If the average inflation rate remains at 3% annually, you can expect the earning power of your retirement check to decline by 30% in the first 10 years and 60% by the end of 20 years. If you retire in your 50's, you can expect to live well into your 80's, which would mean a decline of buying power of over 90%!