

Retirement: A Dream Come True?

Ah, retirement.

Say it aloud, and you're bound to hear sighs of bliss as those within earshot contemplate their own post-career lives. "When I retire, I'm going to..." they'll say, and add their own dreams.

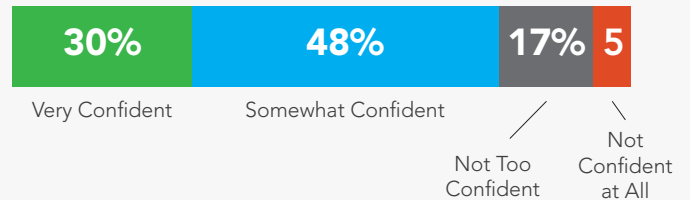
Retirement Worries?

You never hear people finish that sentence with anything negative, like "When I retire, I'm going to worry about money." That's because while they're anxious about their retirement security, most people have overwhelmingly positive illusions about this life stage that prevent them from clearly seeing all the facts.

When you picture your retirement, what do you see? What are your perceptions—and misconception? Do you know?

Confident About Retirement...

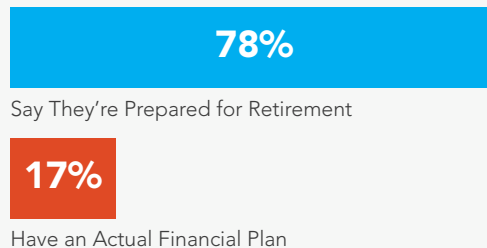
We're ready—or at least we think we are. Seventy-eight percent of workers are somewhat or very confident they'll have enough money to live comfortably in retirement.¹



"Have you (or your spouse) tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?"

...But Financially Unprepared

There remains an enormous gap between those who are confident about their preparedness for retirement versus those (17%) who have actually prepared to maintain their standard of living in retirement.¹



Prepare to Live—A Lot Longer

You can't know for sure how long you're going to live, but you should put a plan in place that will help you live comfortably throughout a 15-, 20-, or 30-year retirement.

Your Retirement Could Be Longer Than Your Career

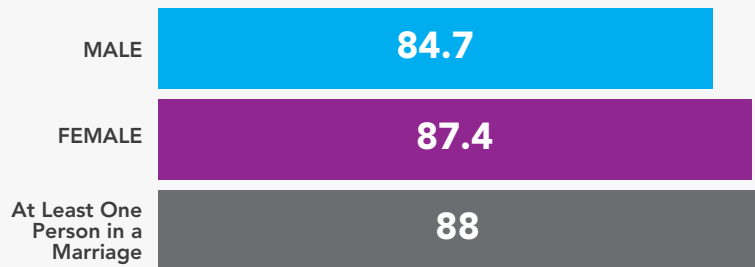
Here's the problem with most life expectancy tables: They are based on life expectancies at birth. However, with every year that passes, your life expectancy actually increases beyond what it was initially. That's because at birth, your odds are influenced by all the accidents and illnesses that could affect you throughout your life. But with each year, your odds increase and your future life expectancy rises.

The Probability of a Long Retirement

Just look at the chart below. While a man's life expectancy at birth is 74, once he reaches age 65, his life expectancy jumps more than a decade, to 84.7%.

Lots of Time in Retirement— If You Reach 65

Your revised life expectancy at age 65 (years).²



The High Costs of Guessing Wrong

Of course, living longer than you'd hoped to is a great thing—as long as you don't outlast the money you've saved for retirement.

Let's assume you can live on \$50,000/year in retirement (*which is likely a stretch*). If you live to 74, you need only \$354,624 to provide \$50,000 a year in retirement income. But what happens if you live to 85, 88, or hopefully longer? You'll have a tough time spreading out that \$354,624 over those extra years.³

Amount Needed for Annual Retirement Income of \$50,000

If you retire at 65 and live until:

Age 74	\$354,624
Age 79	\$538,748
Age 86	\$753,875
Age 89	\$833,634
Age 90	\$861,182
Age 92	\$906,810
Age 95	\$973,948



Most People Retire Earlier than Originally Planned

Working past 65 is a great idea—if you can do it. Many people however find out they either don't have that option, or simply don't want to. Only 20% of retirees actually continue working beyond 65.⁴

Retirement Isn't a Do-It-Yourself Project

Each person's retirement dreams are unique. You may want to spend your newfound free time globe-trotting, while your neighbor is treasuring the change to spend quiet nights at home after years of business travel. Just as your dreams are different from the next retiree's, so are your retirement requirements.

One Size Doesn't Fit All

And yet many of us will turn to online calculators to figure out how much we'll need in retirement. Sure, a calculator or worksheet can be a great way to get a ballpark estimate of how much you'll need, it can't help you decide where to best generate that income and how to increase your chances of making your nest egg last.

Worst of all, a calculator won't ask you any personal questions. A good financial advisor will *ask the right* questions based on the information you've shared, and then a good financial advisor will plan accordingly to tailor your plan for *your unique* situation.

Prepare to Prepare



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Sources:

¹The 2020 Retirement Confidence Survey, Employee Benefits Research Institute (EBRI), 2020.

²The 2019 Society of Actuaries, www.soa.org.

³Amounts displayed must be on hand at the time of retirement and will be completely gone by the age shown. Assumptions: 6% average annual return, initial withdrawal of \$50,000 increased annually for inflation (3%); taxes are not taken into account.

⁴2019 Census Bureau and Bureau of Labor Statistics (BLS).

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