The Retirement Income Store®

NEWS

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TheRetirementIncomeStore.com

20 TIPS TO HELP IMPROVE YOUR FINANCIAL HEALTH IN 2022

Happy New Year! New Year's is a time when many vow to make improvements in their lives. Unfortunately, few stick to their resolutions past the first few months of the year — but that doesn't have to be you. You can improve your financial health in 2022 with the help of these 20 tips.

Let's start with ***Tips That Can Help with Your Mindset and Approach:***

1. Make goals not resolutions. Resolutions tend to be more like hopes and wishes. Goals are more concrete. They can be quantified and tracked.

2. Make realistic and specific goals. It's easy to get overwhelmed and give up if your goals are too big or vague. People who succeed set goals that are ultra-specific and realistic.

3. Make a plan and include a timeline. Say your goal is to save more money. How will you do it? Does a weekly strategy make sense or a monthly one?

4. Track your progress. The only way to see your progress or recognize the challenges preventing it is by tracking your progress and writing things down.

5. Realize that for your behavior to change, your consciousness needs to change. Not only should you write your goals down, but you should also embed them into your mind. You need to regularly think about them, visualize them, and make them a priority.

Tips to Help Improve Your Household Finances:

6. Take an honest look at your monthly spending. Add up your monthly expenses and compare them to your monthly income. Calculate how much is left over at the end of each month and look for ways to increase that amount.

7. Use the information from your spending review to make a budget. Keeping a budget is the surest way to track your spending and to gauge progress toward your goals.

8. Check your emergency fund. If you don't have one, make it a priority to create one. Ideally, your emergency fund should contain enough to cover about six months of living expenses.

9. Make decreasing debt a priority. Even if you're already good about managing debt, consider taking steps to help reduce it further.

10. Identify your retirement goals. This is especially important if you're over 55. The sooner you know your goals, the sooner you can create a financial strategy to help you achieve them.

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Tips to Help Improve Your Savings and Investment Strategies:

11. Increase your employer-matched contributions to your 401(k) or other retirement accounts. If you're over 50 you can also make catch-up contributions to some accounts.

12. If you have other investments, review them to determine how much of your return might get eaten up by hidden fees. You might have additional fees that you are unaware of.

13. Take advantage of tax-efficient investing. Just like fees and other investment expenses, income taxes on your earnings can have a major impact on the performance of your portfolio.

14. Tune out the hype you get from most of the financial media. Remember, a lot of so-called "experts" are more interested in getting ratings and pleasing advertisers than they are in helping you meet your retirement goals.

15. Get educated about all the savings and investment options available to you. Not understanding all your options increases the odds you'll end up using strategies that may work against your goals. Make 2022 the year you get educated!

Tips for Those Who Are Retired or Nearing Retirement:

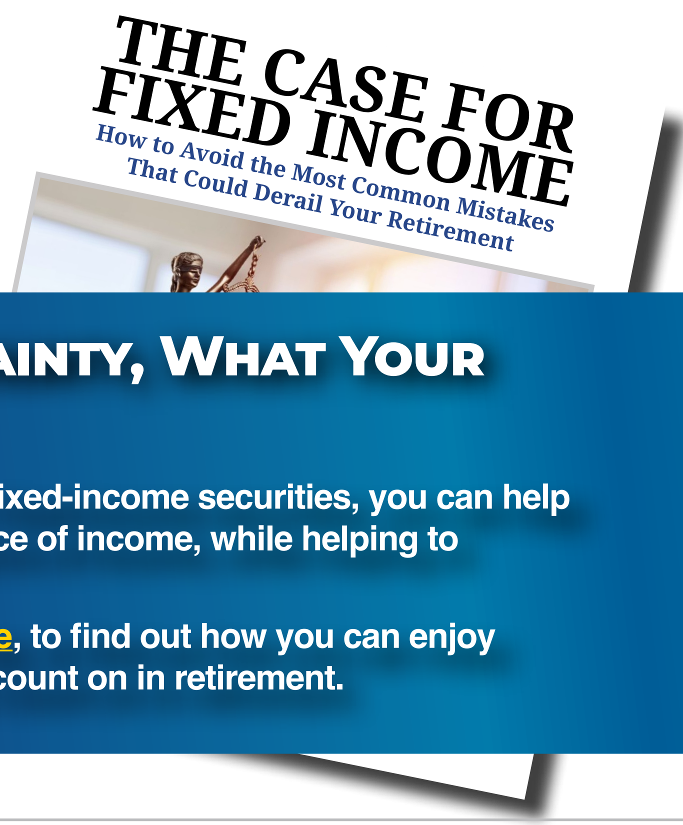
16. Calculate your Social Security income and make a plan to help maximize your benefits. Regardless of how much you've saved, having the right Social Security strategy is one of the most important steps in retirement planning.

17. Create an estate plan. Estate planning isn't just about helping to protect your assets after you've died. It's central to helping you protect your money and maximizing your income throughout retirement.

18. Focus on your health. Healthcare costs and inflation are among the biggest challenges you'll face in retirement, so the healthier you can be, the better.

19. Review your retirement goals. If you haven't identified your goals, do that first. Even if you have, revisit them to help ensure they're realistic based on any recent changes. Next, determine whether your goals are performance-based goals aimed at making a major purchase or leaving a legacy.
Or whether they're income-based goals geared toward enjoying your favorite pastimes.
For most, the answer is income-based, which brings us to the final tip.

20. Shift your financial strategy from portfolio growth to retirement income with the help of an advisor who specializes in income! A financial plan focused on generating steady income can help to reduce your exposure to risk and uncertainty and can help to ensure you'll have the income required to enjoy the lifestyle you've envisioned for your retirement.



Know, with Greater Certainty, What Your Financial Future Holds

By placing a significant part of your portfolio in fixed-income securities, you can help to transform your savings into a renewable source of income, while helping to preserve your original investment.

Read our free report, The Case for Fixed Income, to find out how you can enjoy steady interest and dividend payments you can count on in retirement.

DAVE'S CORNER

How to Help Inflation-Proof Your Retirement

By David J. Scranton, CLU, ChFC®, CFP®, CFA®, MSFS, Founder of The Retirement Income Store®

As we enter the New Year, inflation remains a major concern. While many are feeling its effects, if you're over 50 you may be a bit more worried. You might remember the double-digit inflation of the 1970s, and know that as bad as inflation is, it can get worse. Or maybe you're retired, or approaching retirement, and are aware of the eroding effect inflation can have on your savings.

This increased awareness to the threat of inflation might be a silver lining because underestimating the effects of inflation is one of the costliest mistakes retirees make. Why is it so costly?

Consider the impact that the 3% average rate of inflation could have over the next 20 years. For instance, if you needed $60,000 per year for retirement today, in 20 years you would need over $108,000 just to match the purchasing power of today's investment of $60,000.

What's even scarier is that with rising life expectancies, you may need to plan for up to 30 years of retirement income. Things get worse when you consider that since 1948, the cost of medical care has grown at an average annual rate of 5.3% compared to 3.5% for the overall consumer price index.[1]

While there's no way to escape inflation, there are steps you can take to help minimize its impact on your retirement, such as:

1. Try to maximize your savings and try to minimize your debt.

2. Identify or modify – if necessary – your retirement goals. Inflation means you may want to change your timetable on some of your goals or make financial moves now that can help you achieve them.

3. Keep an eye on how the Federal Reserve responds to inflation. Its response, or lack of response, could be a major factor in determining how it might affect the financial markets.

4. Try to maximize your Social Security. Learning how to help maximize your benefits is one of the most important keys to inflation-proofing your retirement.

5. Consider the costs of long-term care. Insurance and Medicare coverage for long-term care is limited, and statistically about 70% of Americans who live past 65 will need some form of long-term care.[2]

6. Make sure your financial strategy is flexible enough to anticipate and respond to inflation.

The good news is that an Income Specialist can help you implement strategies to help your savings keep up with inflation. What's more, an Income Specialist can help to engineer an inflation hedge through the strategic reinvestment of interest and dividend payments you don't currently need for income.

1. https://fredblog.stlouisfed.org/2017/07/healthy-inflation/
2. https://acl.gov/ltc/basic-needs/how-much-care-will-you-need

Each week on my show, The Income Generation, we cover topics that are important to those who are retired or nearing retirement. Since everyone's situation is different, viewers often have questions. That's why The Retirement Income Store's social media pages include an Ask Dave forum – which I'm glad to be able to share with you.

Our first question comes to us from Daniel F. in Texas who asks, "*Debt is my biggest concern when it comes to retirement. Is there a way to determine how much debt is too much to retire?*"

Thanks for your question, Daniel. The specific answer depends on your situation. If you're blessed to have a traditional pension plan and you've saved a lot of money in your 401(k), then maybe you can carry a little more debt into retirement. If not, I would say that anything other than mortgage debt is bad debt. Mortgage debt is amortized over a longer period and, for most of us, the interest you pay can be tax-deductible. With that said, I believe that you should try to make it a goal to enter retirement with no debt at all.

Our next question comes from Brian C. in California, who asks ***"What's the best way to figure out how much I'm losing to fees if they're hidden? Should I ask my advisor directly?"***

Thanks, for your question, Brian. Yes, you should definitely ask your advisor. If they place you in an investment, they should disclose these fees without you having to ask. Even if you have investments that your advisor is not managing, don't be afraid to ask the advisor what the fees are for those investments. Your advisor can pull up that investment and let you know exactly what those embedded fees are.

If you have a retirement-related question you would like answered, be sure to email it to me at: AskDave@theRetirementIncomeStore.com

You can also keep yourself informed by subscribing to the Income Generation's YouTube channel.