

## Start the New Year Right!

Tips for Improving Your Financial Health in 2021

By David J. Scranton, Founder and CEO,  
The Retirement Income Store®

**H**appy New Year! I hope 2021 brings you much happiness and good health. In many ways, our financial health is no different than our physical and emotional health. In fact, they're all connected, and require some work and commitment on our part.

If you're like most, you've probably made some resolutions to improve your physical health – but don't forget that making resolutions to improve your financial health can be just as important. That's why I'd like to suggest some steps you can take now to help improve your overall financial health and your odds of achieving your retirement goals.

As the old saying goes, "you'll never get where you're going if you don't know where you are." This is true when I fly my airplane and is especially true when it comes to financial planning. That's why the first financial resolution I recommend is to take the time to make a realistic

assessment – or reassessment – of where you stand financially. In other words, take inventory of your total savings, income sources, living expenses, and debts.

This can be a scary task for some and it's one of the main reasons why people fall short in their retirement planning: fear. Many are nervous about crunching the numbers because they're afraid they won't like what they see. If that sounds familiar, it's important that you make 2021 the year you overcome this fear.

If fear isn't the issue, it might be the opposite: complacency. You might have a good amount of savings and a general idea about where you stand financially, so you don't feel the need to take a closer look. This can be just as dangerous, considering how many things have changed with the economy and financial markets in the past year.

Along with reviewing where you stand financially, take the time to identify or revisit your specific retirement goals—including when you plan to retire and what you will do. Will you relocate to be closer to your grandchildren? Will you devote yourself to your favorite pastimes? Even if you're still years away from retirement, the sooner you take the time to identify exactly where you want to go, the more time you'll have to set a course that can get you to your intended destination.



## Setting and Achieving Financial Goals

It's natural to feel overwhelmed as you begin to think about setting and balancing financial goals. However, setting goals can increase your likelihood of success. The goal-setting process involves deciding what goals you intend to reach, estimating the amount of money needed and resources required, and planning how long you expect to take.

### Here are six steps to setting financial goals:

1. Figure out what matters to you
2. Sort out what is within reach
3. Apply a SMART goal strategy. That is, make certain your ambitions are Specific, Measurable, Achievable, Relevant, and Timely
4. Create a realistic budget. Get a strong handle on what is coming in and what is going out, then work it to address your goals
5. With any luck, your budget will have some leftover dollars. Whatever that amount is, have it automatically directed to a separate account designed to address things on your list of priorities
6. Monitor your progress and make sure you are hitting benchmarks

For more information on setting and achieving your goals, consult your financial advisor.

# Your Financial Achievement Timelines

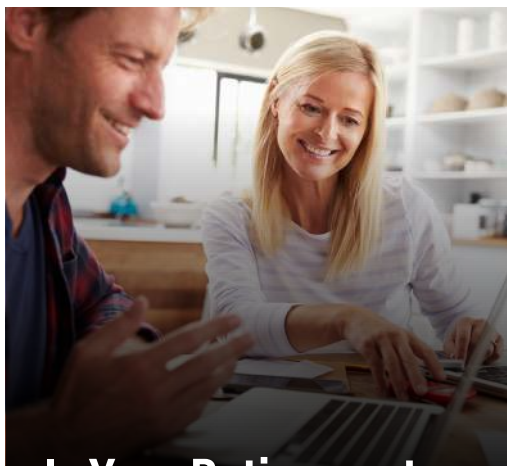


**T**he best way to reach your financial goals is by making a plan that prioritizes your goals. We recommend separating your goals into three categories:

1. **Short-term** financial goals that take under one year to achieve
2. **Mid-term** financial goals that can't be achieved right away but shouldn't take too many years to accomplish
3. **Long-term** financial goals (over five years) that may take several years to accomplish, and as a result require longer commitment and often more money



Financial goals will help you change your mindset, your habits, and your life. When you're intentional with every dollar you have, your money will stretch farther. That means you be able to do more things you want to do and plan for today and in the future.

January is the perfect time to get your financial plans in place. Annual financial planning gives you the opportunity to review your goals, update them, and review your progress throughout the year. If you've never set goals before, this planning period gives you the opportunity to formulate them for the first time so you can get, or stay, on firm financial ground.



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# DAVE'S CORNER

## Wishing You Good Health, Happiness, and Prosperity in 2021

By David J. Scranton, Founder, The Retirement Income Store

I hope you enjoyed some well-deserved rest and relaxation during the Holidays and were able to spend some time setting your goals for 2021. Although 2020 didn't go as expected, it did push us out of our comfort zones and force us to be more flexible in the way we live.

Seneca, the Roman philosopher, and statesman, is noted for saying that "A gem cannot be polished without friction, nor a man perfected without trials." I would have to say that 2020 certainly provided its fair share of trials and friction. But in the end, those challenges have helped us come out the other side better and more polished.

Sure, it might have been inconvenient not being able to do meet in-person with friends, family, and even our financial advisors, but because of that, many of us have become more skilled at keeping in touch virtually. Some took advantage of our time spent social distancing by reconnecting with friends and family we had lost touch with. Others used the time to learn new skills.

Although we're still in the battle against COVID-19 and we can't be sure what this year will bring, I believe that if we enter 2021 armed with the right mindset and detailed goals, we can make it a great year.

As we get ready to start working toward our goals and resolutions, remember that it's important to find healthy ways to deal with the stress that everyday life can throw at us—and lately, we've had our fair share of that. Regular exercise can be a great way to do that.

Not only can the endorphins released during exercise help to reduce stress hormones in our body, but they can also promote a more relaxed frame of mind. Even small improvements in your physical activity, like a daily walk or taking the stairs instead of the elevator, can generate noticeable results. The key is to start slowly and to be consistent.

With that said, I hope 2021 brings you and your loved ones good health, happiness, and prosperity.



Each week on my show *The Income Generation*, we cover topics that are most important to those who are retired or nearing retirement. Since every person's situation is different, viewers often have questions. That's why the social media pages for The Retirement Income Store include an *Ask Dave* forum – which I'm happy to be able share with you in our newsletter. Today's question is:

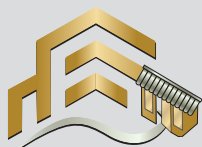
"Dave, I'm not ready to retire quite yet, but I believe my husband and I have planned well for it. We're interested in reviewing our retirement and making sure we didn't miss anything. Do you have any unusual strategies that could work for us?"

I thought the word "unusual" was interesting in this question because people do sometimes think of any financial plan not built firmly around the stock market as unusual. The truth is, that's only because over the past 40 years we've been conditioned to think of Wall Street as the only game in town.

Before that, from the 1950s to the 1970s, conservative, income-generating strategies were very popular with Americans. In fact, during that time, the pension funds of many cities, states, and municipalities were comprised mostly of fixed income investments such as government bonds and high-quality corporate bonds.<sup>1</sup>

The good news is that not only do these strategies still exist, but now there are many more options available for those looking to generate steady income for retirement.

As for the question itself: in order to determine what strategies might be right for you, start by looking at your statements and calculating how much interest and dividends they're currently generating. If it isn't in the range of 4 to 5%, which is generally the amount you'll need to satisfy your income needs without the risk of cannibalizing your principal, then I would suggest scheduling a meeting with a financial advisor who specializes in retirement income.



The Retirement Income Store®

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