



# HOW RETIREMENT HAS CHANGED

The retirement you are planning for and will experience is very different than the retirement your parents have told you about and what you have witnessed. The days of big pension checks are gone. There are two main ways in which modern retirement has changed- medical costs and retirement lifestyle. The reason for these changes can be attributed to societal changes in what is expected and accepted. This article explores how these two main changes, retirement lifestyle and medical costs, will impact your retirement.

## **What is Your Retirement Life by Design?**

Your retirement begins with creating a vision and goals that you may have identified as desirable for yourself. Retirement Life By Design for you may include shifting your activities to volunteer work, working part-time in the industry you have loved for the past 40 years or unfolding your chair and reading a book on the beach every morning. Of course there are many different visions for living a full rewarding life and only you can know which is the right fit for you. Your personal plan can and will need to be fluid during your 20 to 30 year retirement journey.

Think about your retirement activities. What mental picture do you develop? Once you have captured your vision it serves you well to use communication to find harmony with your partner, if you have one, and their vision for retirement as well. Once you know what you're aiming for it becomes possible and, by default, more feasible to plan for it.

## **Funding Your Retirement With Multiple Retirement Portfolio Allocations**

Working with a Retirement Management Advisor® in implementing a financial plan to adequately fund your retirement can save you from the risk of running out of money in your later years. Strategic planning can provide the peace of mind you are seeking in your retirement plan and save you struggle and frustration by properly addressing issues on the subject of taxation and future liability cost for what could be 30 years. LBDIAS actively manages your retirement funding with Retirement Portfolio Allocations that each serve a specific purpose in helping you realize your Retirement Life By Design.

We start by designing these four foundational portfolios for every retiree; Reserves, Longevity, Income, and Growth. Our Four-Core process allows us to guide retirees to and through retirement with fundedness matched to your specific needs. Appropriately funding each of these four portfolio allocations sets you up to be able to experience your Retirement Life By Design.

- Reserves: This is your Emergency and Unexpected events fund.
- Longevity: Lifetime Healthcare & Long-Term Care Protection including the possible need of Life Insurance is funded to reduce risk
- Income: Manage your net income cashflow needs at a safe withdrawal rate including inflation risk for funding your retirement lifestyle including tax liabilities.
- Growth: This portfolio allows risk to diversify for total return. Upside can be withdrawn for discretionary spending.

## ***Do You Plan on Getting a Nip & Tuck?***

### **Healthcare & Wellness in Retirement**

If you are retired or close to your retirement, there is still the possibility that you are underestimating your future medical and long-term care costs. Medical expenses will not diminish in their frequency and will certainly see an increase in pricing as your retirement progresses. Your healthcare funding in retirement begins with Medicare, but does not end there. Medicare premiums are determined by your income two years prior to your enrollment and are typically automatically deducted from your Social Security benefit payment.

Beyond considering what Medicare will and won't cover, you need to think about what is considered healthcare to you personally in your lifestyle. Do you want the active lifestyle of a retirement community or have you spoken to your children about having them come in to help? Do you plan on getting a nip & tuck? Do you have a personal wellness guru? Do you have a fitness trainer? Your retirement healthcare and wellness savings come from your Longevity Allocation- a bucket that cannot be underfunded. Contact us to learn more about utilizing a Health Savings Account (HSA) to fund your retirement healthcare.

The best solution for the rising and abundant medical costs you will face in your future is to both place protection for long-term care and build your Longevity retirement portfolio that's adequately funded.

### **The Go-Go Retirement**

How old will you be upon retirement? 60-something? 70-something? How old are you now? What is the difference? 5 years? 10 years? The point being- in the early phase of your retirement you will likely be very much who you are today... Same interests, same hobbies, same energy levels, same or similar aspirations. Just as being 18, 30, or 50 evokes a different visual for you than it did for the generations before you, retirement has changed. You may just continue to be go – go – go, into your upper 90s.

### **Retirement Management Solutions**

Solutions for these two problems, retirement lifestyle and medical costs, can be planned in a way that preempts the problem itself. Taking the time now to think about your retirement lifestyle regardless of when you plan to start living it. This can resolve many of the issues you may encounter in retirement planning at least with respect to making good long-term decisions. If you are able to make choices now about what you want to do in the future, you can make the appropriate choices for both now and then when it comes to things like your taxes, investments, and spending habits.

Life By Design Investment Advisory Services can help you identify the best ways to approach these solutions and put them into action. Contact the team today to set up your next appointment and proactively prepare for your retirement.

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