THESE FIVE MISTAKES MAKE THE DIFFERENCE BETWEEN RETIRING AND RETIRING WELL

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"Leave nothing for tomorrow which can be done today." –Abraham Lincoln

As Certified Financial Planners™ at RHS Financial, we help people like you make the right decisions now so that when retirement comes, our clients are not only prepared, they will likely prosper. Our philosophy is simple, but successful financial planning is complex and it can mean the difference between simply retiring and retiring well. As people are living longer lives, the very nature of retirement is changing and a successful retirement is defined by what you make of it. Research shows that approximately 85% of Baby Boomers want more out of retirement than just a life of leisure. The following report is intended to educate you on how to start to think and plan for your inevitable retirement. At RHS Financial, we want you to think ahead, plan now, and avoid the following mistakes.

Mistake #1: Lack of Vision
Retirement needs to be viewed differently these days. Many people will live 30+ years in retirement. Most people need to have a direction and something to do in order to be fulfilled – remember the higher levels of Maslow's hierarchy of needs from college? Think about the following questions when creating the vision of your perfect retirement.

- **What makes me happy?** (philanthropic endeavors, travel, business, family, etc)
- **Who is in my retirement picture?** (spouse, family, inlaws, etc).
- **Where do I want to live?** (close to family, near the ocean, etc.)

- **What are the goals I want to set and accomplish in retirement?** (complete a Ph.D. program, build a vacation home, restore a classic car, spend time with kids/grandkids, etc.)
- **What kind of legacy do I want to leave behind?** (values to impart on family, dynasty trusts, etc)
- Finally review this with your partner and, most importantly, write it down.

Mistake #2: Not communicating your vision with family
Sharing your needs, wants, and beliefs with family communicates to everyone what you want to do. It will provide different perspectives that may help you further hone your final vision. By telling family your retirement goals, you may even benefit from having them hold you accountable to achieving your goals. Also, your openness at this point may help make some tough estate questions go easier, like the dispensing of real estate holdings, etc. when you pass.

Mistake #3: Not developing a financial plan
Now that you have a solid vision of what a successful retirement looks like, you need to develop a nuts and bolts plan that outlines how you will achieve that vision. Financial plans are crucial to your success and should be developed using a professional Certified Financial Planner™. According to a 2009 study conducted by the Financial Planning Board, 65% of Americans do not have a written financial plan. Worse still, of the 35% of Americans who have a financial plan, only 17% update their plan regularly. That means only 5 out of 100 Americans really have a true financial plan. A financial plan lays out the blueprint for your successful retirement. It will answer questions like: Will I run out of money? Who will I need to support in retirement? How will I generate enough income to supplement Social Security and all the other what-if's that need to be addressed long before you retire.

Mistake #4: Not saving enough and relying on Social Security
We all know that Social Security is in perilous trouble. While we all hope that it will be there for us, however, it may not be. Therefore, it cannot be relied upon entirely. To be successful you must actively fund your retirement accounts today such as 401K's, deductible and nondeductible IRAs, etc. You should develop a plan to fund both nondeductible IRA's and max out 401K's. As you leave the workforce, these investments will provide the supplemental income that you will need to live on during the retirement years. It is important that you fund them now so they can grow for your future income needs.

Mistake #5: Not hiring a Financial Advisor

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In 2008, Harris Interactive conducted a survey that showed that families who have hired a financial advisor were twice as confident that they would meet their financial objectives as those who did not. A good financial advisor is like a coach, they will tell you what you need to hear, not what you want to hear. You need to have a plan and have someone hold you accountable to sticking to it. They will help you avoid mistakes that can endanger your successful retirement and will help you understand your risk tolerance. Financial Advisors will take the time to develop a plan based on your goals and risk tolerance and hold you to keeping it updated and help you to make the right choices for the long run.

In sum, we hope that this brief white paper has provided a bit of educational insight on the topic of retiring. The sooner you get started thinking about retirement, the better. If you have any questions, please do not hesitate to contact us at RHS Financial. We are here to help.

About the author: Risley Sams is an avid sailboat racer and an active member of the St. Francis Yacht Club and Staff Admiral of the San Francisco Bay Knarr Fleet. He started RHS Financial after many years serving as a Financial Advisor in several major brokerage houses before setting up his own practice. As an Independent Financial Advisor (RIA), he takes the time to understand each of his client’s life goals and build a customized wealth accumulation and distribution plan that fits their needs. Risley is a Certified Financial Planner®. He holds a Bachelor's in Business Administration from California State University, Chico and an MBA in International Finance from Purdue University.
