

Epiphany: A sudden realization of reality, a revealing moment.

It's Time For A Retirement Epiphany

By Jim Clifford



Are you 100% sure of your retirement plan, or do you have some doubts?

Prospective clients often come into my office with binders full of many different investments they have collected over the years, like stocks, bonds, ETFs, annuities, and mutual funds, in their portfolios. I ask: What are these investments supposed to do? Usually, they are not sure. This prompts a second question: It looks like you have relied heavily on the advice of different advisors over the years along with a current one. Assuming that is the case, can you tell me their philosophy about money? Again, the client is usually not sure.

As you are reading this, I encourage you to stop and take inventory of the different investments sitting in your portfolio. Now ask yourself one powerful question: Why? Why are these investments important? Why do you need them? Yes, these may seem like logical questions to ask yourself, but when was the last time you asked yourself why?

The reality is, when you reach retirement, that money is now working for YOU. Think back to when these investments were established; it is safe to assume that you have had a few lifestyle changes since then, like marriage, children, grandchildren, perhaps even divorce. As our lives evolve, so should our portfolios.

Let me just share one thing before you read on: YOU ARE NOT ALONE.

We can empathize with people in this situation. To take the first step toward removing doubt, let's map out a real plan for your retirement, one with predictable cash flow designed to help sustain your lifestyle and pay your bills. The happiest people in retirement often have pensions, and if they don't have one from work, we can help create a similar one. If they spend their money this month, they know to just sit and wait for the next check to come in. The financial weight is lifted.

Do I have your attention? Let me introduce you to a simple "Three Bucket" concept for added financial security in retirement.

Bucket 1

Your friend calls and says, "Let's take a cruise!" What is your immediate response? Do you start making plans, or do you hesitate? This bucket should contain enough liquid money for the next three to five years to provide for both expected and unexpected expenses. Liquidity is more important than the rate of return.

Bucket 2

Can you pay your bills and take adventures with guaranteed "mailbox money" that is designed to last for the rest of your life? When answering this question, we start with Social Security and any pension you may have. After determining your income needs, those two predictable sources may not be enough; therefore, we must evaluate the additional income needed and find ways to fill this gap. Compare your expected bills and goals long-term. This bucket must be guaranteed. Sequence of returns is a

high risk that has not mattered much in your life until now. If the investment you are drawing from can have any negative years, especially in the early years of retirement, you can be in danger of running out of income.

Longevity is also important, as we are living much longer. To retire successfully, you must take sequence of returns and longevity risk off the table. So, let's protect the income and invest the rest.

Bucket 3

Do you worry about inflation? Not accounting for inflation could mean eating half a steak during retirement when you should be enjoying a full one. At an inflation rate of 3% using the Rule of 72, your purchasing power would need to double in 24 years. Consider keeping some money growing in managed accounts that are professionally and actively watched over. Just as a sailor adjusts his sails, your money manager can use tactical management to adjust your accounts. Active quarterly rebalancing helps keep you up to date in this fast-paced world. We must understand what we have and be engaged, not apathetic, with our investments.

These buckets seem realistic, right? It is never too late to get back on track, and you can start right this second by asking yourself: Why? I encourage you not to travel the path alone. Partnering with a licensed professional held to a fiduciary standard may help ensure that you yield more out of your investments.

Finding the right financial professional may not be as easy as it sounds. Shop around and find the one who is the best fit for you; after all, you want an advisor who not only brings a level of experience and trust to the table but also works for the best interest of you and your money.

Find an advisor who keeps an eye out for unnecessary fees, which can greatly affect your growth, if not monitored. Gain added security by taking the relationship to the next level and finding a series 65 licensed professional, as they will be able to tie your financial plan into one neat package.

Now that our five-year money and guaranteed income for life paychecks are secured, we can invest the remaining funds with growth in mind. It's a dynamic and distinct discipline, yet retirement income planning continues to mystify many financial advisors who are relying on outdated investment advice to solve issues that require new thinking.

Remember: your retirement path is unique and must be customized to you. Take back control and start taking the simple steps today to optimize your investments for the future.

I will leave you with these three thoughts:

If you do not go after what you want, you will never get it.

If you do not ask, the answer will always be NO.

If you do not step forward, you'll always be in the same place.

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Let today be the day you have an epiphany about your retirement plan. JIM CLIFFORD

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Retirement Portfolio

Liquid

- Major Purchases within the next 3-5 years.



Bucket 1

Income

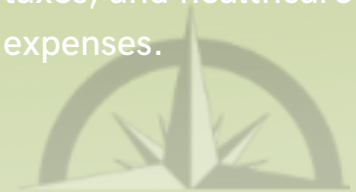
- Assets required to produce desired retirement income for life.



Bucket 2

Growth

- For future income needs as well as future purchases.
- Helps offset inflation, taxes, and healthcare expenses.



Bucket 3