9 Ways to Make Money Last in Retirement

In the good ole days, retirees never gave a second thought about where their income would come from because they knew they could rely on pensions. There were even various options for such plans. You could select a guaranteed single pension, which provided the largest monthly payout of all the various options but would not pass on to your spouse. You could also choose to take the Joint Pension, with a 50%, 70% or 100% survivor benefit. This meant that when you pass away, your spouse would receive all or most that is left.

A few years ago, the world of pensions began to change. Many companies began to discontinue them completely or reduce the monthly payout dramatically.

The responsibility to create guaranteed lifetime income then switched from company to the employee. So, what happens if things don't go well throughout your career? What if you never took the time to look into personal investments? What if your portfolio is susceptible to all the market ups, downs and flat periods?

This shift has put more pressure on your financial advisor to create income that lasts a lifetime, especially with a trend of retirees living longer lives. This is a challenge I embrace each and every day at Sanchez Wealth Management. Without further introduction, here are 9 of my trusted strategies to help you make your money last in retirement:

1. Have an Income Plan

I'm not talking about your typical plain-Jane retirement plan. Very few of these standard retirement plans offer an income component. What I'm referring to is more of a growth oriented component to your overall portfolio so you know how much money will come in each month. If you plan to take distributions from your investment accounts, you must consider your retirement as the income phase of your life. You must also be aware that there is an art to creating an income plan. Check out our R.I.S.C™ (Retirement Income Savings Calculator) to get a better idea of what kind of work goes into creating the masterpiece.

2. Create Income from Multiple Sources

There are two bad things you can do when creating your own investment portfolio: making your retirement portfolio too conservative and putting 100% of your money into one type of investment. Unless you have a multi-million dollar nest egg, no bills, and never want to grow your money more than a fraction of a percent per year, it is probably a bad idea to park the entirety of your money in your savings account. Sure, there's no downside risk. But that means there is no upside potential. Your account could be susceptible to inflation and erode over time.

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Conversely, you are overexposing your money to all kinds of risks if you are 100% invested in the stock market. Remember: the stock market works in 3-5 year cycles. We are in year 8 of a bull run. Are you willing to wait out a similarly long bear market? This is why as a Reno financial advisor; I have to plan to find multiple non-correlated sources of income for my clients.

3. Know Your RISC™

As mentioned earlier in this article, knowing your RISC™ amounts helps you get a full picture of your exact income needs. This can even help you identify areas where your expenses are too high or otherwise imbalanced. We use this calculator to analyze your current income vs expenses thoroughly and identify which types of investments may produce the income you need.

4. Quasi-Minimize Your Withdrawal

Try to reduce withdrawals from your accounts where possible. There is no magical number on Wall Street for a perfect withdrawal rate. Some analysts will say 4%, others will say 3%. Don't let anyone guarantee you a magical number without giving you an asset allocation so you know how much wiggle room your income plan has. What I want to emphasize here is to strike a balance with your withdrawals. If they are too high, you will eventually draw down principle. If they are not high enough, you won't have enough money to live off of.

5. Create Your Own Guaranteed Income

How can you do this? You may find several of your own options out there; however you may want to explore annuities. I call these "longevity insurance." There are many different types of annuities out there with different rules, liquidity options, and benefits so definitely rely upon someone who understands them before diving in. Do some of your own research and list questions you may have for your advisor.

6. Know Your Social Security Benefits

Your first step in determining your social security benefits is to meet with a representative at the local Social Security office. They are your go-to knowledgeable experts for all things Social Security. You can also check out their website at https://www.ssa.gov/. You should consult with an advisor to find out when to stop, start, or delay your benefits once you know what they will be. If you want your income to last your lifetime, delaying these payments can lead to a higher monthly amount. In the world of income planning, this is not my favorite strategy but it's something to consider.

7. Investigate the Bond Market for Building a Laddered Bond Portfolio

Early in my career interest rates were steadily rising, creating the perfect environment for looking into building a laddered bond portfolio. This involves creating a ladder of bonds that

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mature at different time periods. Here is a simple example: say you have $10,000 to invest in bonds. You could invest 20% in a 1 year government bond, 20% in 2 year, 20% in a 5 year, and 20% in a 10 year and 20% in a 30 year bond. In theory you are not locking up all your money in one specific maturity and have money coming to you at these different times. You can also always sell a bond ahead of time with certain penalties. Depending on your individual financial goals and objective, this can be beneficial during a time when there are rising interest rates.

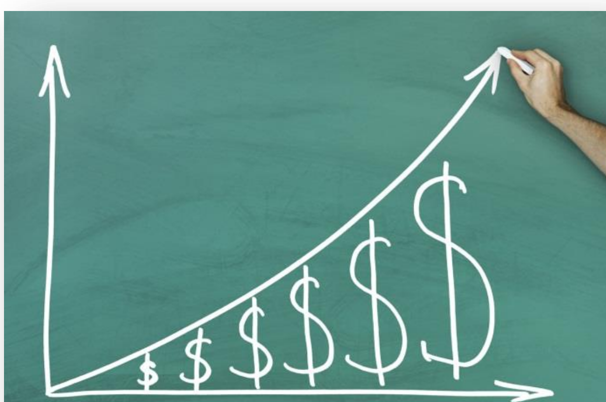
8. Go Back to Work

If you never planned for retirement and find yourself with no money, you may need to get a job. Don't fret--this isn't always so bad. This gives you a chance to try a trade you never experienced. It gives you a new reason to get out of bed in the morning and a chance to make new friends. Whether you start working part time or start a small business, there are many unique paths you can pursue. They're active and have a reason to get out of bed every day. With income coming in portfolio come in.

9. **Consider Long Term Care Insurance**

There's no better way to run out of money in retirement than paying surprise medical expenses. Any number of events can occur as you and your family grow older, and even with proper medical insurance you may end up paying high deductibles. If you need long term care in an assisted living facility, you could be looking at bills upwards of $3,000/month. Long term care insurance can help you plan ahead for these down-the-road expenses at a low monthly premium.

The Bottom Line: Income planning takes time and expertise. It is tough to go it alone and attempt to create a solid income plan to last you through a long retirement. If you're ready to construct a blueprint to a stable financial life, give us a call at (775) 800-1801 or visit www.sanchezwealthmanagement.com to schedule a consultation.



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