

PROFESSIONAL DEVELOPMENT • BILL LOSEY

7 ways to make retirement a reality (in a bad economy)

IF THE RECENT MOOD SWINGS in the stock market and a declining 401k balance are making you feel like you'll never be able to fully retire... you're not alone. The market gyrations are giving me more gray hairs every day, and I may have to start buying Grecian Formula in bulk to keep my youthful looks.

Seriously though, market volatility is causing widespread angst, but there are some things you can consider doing to make retirement a reality.

1. Control your emotions—take a deep breath.

The news is fraught with downbeats, but the markets have actually remained fairly resilient. The stock market has remarkable ability to change... for the better.

2. Consider increasing your annual savings and retirement contributions.

You have direct control over this one. It may require that you reduce your current spending or earmark your raise for savings, but putting more away now will allow you to buy more shares at cheaper prices in a down market. Every dollar you invest in your 401k/403b plan today is one less dollar you'll pay income tax on this year. Employee's 2008 elective contributions are limited to \$15,500 for those under age 49, and \$20,500 for people age 50 and over.

3. Consider reallocating your 401k/403b to higher yielding investments.

It may seem counter-intuitive, but perhaps you should invest more aggressively. Stocks have historically outpaced bonds and inflation over time. If you have 10 years

or more until your retirement date, you may well be rewarded for taking on some additional risk. Take a few minutes and review your asset allocation. Many people have no idea what they're invested in, what they can expect to earn and how much risk they're taking with their portfolio.

4. Consider retiring later.

Don't retire if what you really need is a break. All too often I talk to people in their fifties and sixties who retired or accepted an early incentive offer because they thought they were ready to stop working. After a few months or a few years they're bored, restless and wanting to go back to work. Discuss a phased retirement or flexible work schedule with your employer. Gaining an extra free day or two a week may be just what the doctor ordered.

5. Consider lowering your investment costs.

Do you know what you're paying in dollars and cents for your investments and/or investment management? If you're like most people I talk with, you don't have a clue. Recognize that each investment has its own internal costs. Usually this information is published in small print in the back of a prospectus which most people never read. Perhaps you're paying fees you don't even see. Quantify what you're paying. Determine if you're getting good value for what you're paying.

6. Consider hiring a retirement coach.

Retiring from a successful career into your first "retirement" is unlike any transition you've experienced before. According

to retirement coach Lin Schreiber, "retirement is filled with challenges and pitfalls you'll need special skills to handle. Retirement coaching is not for everyone. It requires learning new skills, letting go of old ways of doing things, and facing your fears about aging and change. It demands flying in the face of what society says about how you 'should' live this next stage of life." If you're eager to retire the part(s) of your life that no longer fit (including your work), and reinvent them; if you're looking for a guide who clearly sees who you are, who you're capable of becoming, and all the options that are open to you; if you're ready to have someone listen to your ideas and ask questions that push you into a higher level of thinking and acting; and if you're willing to be accountable for what you say you'll do to get where you want to go... then you might want a retirement coach.

7. Consider reducing your retirement income needs.

At the end of the day (or work week), you can only control what you can control. If you can make astute lifestyle choices, control your spending, eliminate your debts and live on less, you may feel more in control of your future. My happiest clients are those who have downsized, organized and simplified their lives. ■



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