

Let's Talk Retirement

BY **De-Ann Smith** Posted **April 14, 2022**

How do you imagine spending your retirement? Is it travelling the world? Lunch with old friends? An evening beach-side stroll? Spending your day with a round of golf? Well, this is the easy part of retirement planning. The hard part is knowing exactly how much money you'll need, for the life your future self wants.

When you're closer to retirement age, things like livelihood, surviving, end of life or living your best life comes to mind.

When you're young, sometimes the word retirement seems so far in the future, you tend not to think about it too much.

Somewhere in the middle, you take the topic more seriously and try to set things in place. Planning for early retirement may even be a consideration.

Regardless of the place you're at, reaching retirement age is something we all hope we live long enough to see. After working hard, we want to enjoy our freedom, so we all need to be prepared. The younger we start, the better, but it's never too late!

Sagicor is here to guide you on not only the best way to start saving, but also to help you figure out how much you might need to enjoy the same quality of life you have now, throughout your retirement.

Your Retirement Strategy

1. Know Where You Are Now

Start planning your future with good information about your own financial situation and a sound knowledge of how your public and company pension plans/investment plans work. Look at your level of savings and calculate your net worth (your assets minus your liabilities).

2. Decide Where You Want To Be

Put some thought into your broad retirement/investment goals. At what age do you want to retire? What level of investments do you want to have 15 years into the future? How much income do you need at retirement? Much consideration must be given to determine the type of lifestyle you want to enjoy when you retire. Give thought to the level of expenses you expect to have at retirement. These expenses may relate to your mortgage, dependents, medical circumstances, and traveling desires. Expenses are generally estimated to be approximately 65% to 75% of your current income; therefore, careful planning and sound execution will determine whether you live 'well' or 'very well' at retirement.

3. Determine Your Risk Tolerance

Can you live with the risk that your investments may temporarily decline in value at some point in time? Your tolerance for risk and volatility are part of your personality. If you are a conservative person or a person with limited

funds, you may choose to invest with a different strategy than a person who likes risk or someone who has a lot of excess cash to spend. Age can also play a part in your ability to take risks. The younger you are, the more time you have for your investment to recover from a decline.

TIP:

Adjust the risk exposure of your retirement investment portfolio as time goes by.

Your retirement plan should adapt to your life as it changes. For example, as your standard of living increases, you might want to save more to protect the lifestyle you've built. In addition, you will find that tax rules change over time and that new financial instruments will come on line that might work for you.

Look out for part 2 on "Let's Talk Retirement" next week!