Working on Your Future Lifestyle

How you plan and save for post-employment has changed. Support from government and corporate partners is drying up and families need to prepare and execute a strategy to take charge of their retirement years. Those without the benefit of a trust fund must earn, save and build their own financial foundation. And here's yet another stark reality: **you are working now to fund your last 25-40 years'** basic lifestyle needs.

To maintain your basic needs and continue the current lifestyle, it is estimated you will need 70-90% of your pre-retirement income. Historically, Social Security benefits and defined benefit plans have replaced 30-60% of pre-retirement income, depending on your circumstances. But these traditional sources of income are not reliable and the burden will increasingly fall on you.

Early in the wealth accumulation period is the formative time to develop momentum so that you can lead a satisfying lifestyle in retirement. Generally speaking, the accumulation period is posted formal school years to the peak point in a career. You build habits of saving, from a budget that supports needs and establish long-term goals. Common expenditures during this period can be: the cost of a primary residence, paying down education debt, family expenses and depreciating assets (such as cars and boats).

In your budget process, make retirement saving a line item. Start saving early and seek the highest return. The difference between saving $250 monthly beginning at age 25 versus age 40 is startling. Equally important is earning a higher return on your investments. For the saver starting at age 25, earning 8.5% instead of 7% will add $196,000 to overall wealth!

	Beginning at Age 25		**Beginning at Age 40**	
Rate of Return	**7%**	**8.5%**	**7%**	**8.5%**
Balance at Age 60	**$448,000**	**$644,000**	**$130,000**	**$157,000**

LAURENTIDE ADVISORY

Build financial security for retirement through planning and commitment. To get on track and stay on track, follow these general steps:

1. Start to save early and keep saving in your 401k, IRAs, and personal accounts
2. Budget for and increase your savings rate; don't touch retirement accounts
3. Use diversified investment strategies and active management for maximum returns
4. Seek professional expertise and ask lots of questions

You may decide to hire an adviser. If you do, make sure they are legally obligated to act as your fiduciary. Asset management has many facets, including custody, fund management, portfolio construction, and risk management. A skilled advisor will work with you to set expectations and help you manage your own behavior. By hiring a fiduciary like Laurentide Advisory, you will have a partner that ensures your interest are protected and your needs are the only priority.

Take advantage of the wealth accumulation period. Strong forces of change in corporate and government programs are redirecting the retirement responsibility. At the beginning of the accumulation period, establish a budget that has a line item for retirement saving. Choose best-in-class investments and a portfolio solution that is built on sound principles. If you work with an adviser, make it a professional relationship. Blind trust can be very expensive in a personal financial relationship. Ask questions, validate and compare. In the end, you own the outcome.