Retirement Planning For The Golden Years

RETIREMENT PLANNING FOR THE GOLDEN YEARS

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Consider Your Financial Retirement Options

When it comes to planning your retirement you will find that there are many options available to the savvy investor. The problem isn't necessarily in investment opportunities but the knowledge that is needed in order to turn those opportunities into wild successes. For this reason alone, I recommend that your first stop along the path to financial retirement investment be at the door of a competent financial planner.

Most of are more than willing to go to the experts for advice when problems arise and yet for some reason have major problems seeking the services of those who are trained to assist us in our financial planning endeavors. You should consider your options carefully and decide what is in your best interest. The best way to do this is with the information that a good financial planner can provide and by listening to his or her guidance.

One thing you will probably be told is the importance of diversity in your investment portfolio. We all have been told many times never to put all of our eggs in one basket and the same holds true when it comes to investing your retirement. All investments are a gamble; some carry more risks than others. You must keep in mind that every penny you invest is subject to loss however and make your investment decisions by how much of a risk the particular investment presents and how much you are willing to lose if the investment doesn't pan out.

Perhaps the most common investment choice for retirement funds is mutual funds. These offer the ability to invest long-term with lower risk than many other investment options you will come across. These funds present a higher risk than other investments but are a good moderate risk investment for those who have little knowledge of how the market actually works. There is a fund manager that is in charge of making the actual investment decision for the collective pool of the fund and his or her job to decide where to put the money for which they have been entrusted. This leaves the critical decisions out of your hands and off your mind.

If mutual funds seem boring to you, there are other higher risk investment opportunities in the form of stocks. I seriously recommend studying the market carefully and completely before making the leap into stock trading but this can be quite the short-term quick profit rush that you are looking for if you are willing to risk your retirement investment for the sake of increasing your net worth. If you do choose to invest in the stock market please take the time to learn the proper procedures, the risks, and the process before diving in. If you have a financial planner (and you definitely should) then he or she may prove to be an exceptional resource when it comes to the practice of 'playing' the stock market.

Securities are a very complicated process that many of us would feel better never needing to understand. If you need a little more adrenaline pumping, heart clutching moments when it comes to you financial retirement and are willing to risk the need to work for the rest of your life in the process you may find that this is just the boost for you. Be sure however, not to rest all of your hopes and dreams for retirement on the allure of securities trading as this is a very high risk field for those who do know what they are doing. For those who have little experience it can prove to be a financially fatal flaw.

Learning the ins and outs of the investment process in addition to the options that are available to you through the course of your own financial retirement planning is like going to war with the proper weapons and armor rather than a slingshot and a rock. The problem is that while there are some financial Goliath's out there that are simply waiting to be tamed, most investment strategies present their own unique needs that should be understood and monitored.

Diversity Is Key In Retirement Planning

When it comes to planning your financial retirement diversity really is the key to turning a significant profit. You do not want to have all your eggs in one basket. For this reason it is an excellent idea to have a number of fingers in a number of pies, financially speaking of course, at any given time. There happen to be a lot of interpretations, unfortunately, of what it means to truly diversify your investment portfolio.

There are those who believe that to diversify your portfolio you only need to choose stocks in various sectors rather than focusing on one. This was a huge problem when the Dot Com boom went Dot Bust. Many people learned valuable lessons during this time frame and have taken it a little bit to heart. However, there is nothing to say that we will never again experience a significant stock market crash. If this were to happen and your entire retirement hopes, dreams, and funds rested on the stock market for salvation you would be in deep and shark infested waters financially as a result.

I do not mean to imply that a stock market crash is probable or imminent by any means. The closest we've come as a nation to a stock market crash in recent memory was immediately after 9-11. The good news is that safeguards were put into place years ago to prevent a crash of the scale that we all know as "The Crash". This means that while you may take heavy hits, chances are the market will recover if you are willing and able to wait it out. However, if you are putting yourself in a position to rely solely on stocks you need to take a serious look at your overall investment plan and see where changes can be made.

It goes without saying that no decision in regards to your financial future should be made without first discussing them with your financial advisor. My purpose here is to bring up questions and ideas you might wish to consider or at the very least discuss with your advisor.

My personal preference is to have some money tied up in mutual funds and other money tied up in real estate, which can provide some form of continuous income month after month. I'm not

much of a gambler however and have chosen a low risk path to retirement financing and funding. There are those who are far more adventurous than I when it comes to investing in their financial futures. For those of you who are willing to take the risks there are securities as an investment in order to provide a wildly speculative ride. Securities are very risky for investors; particularly those who are novices and even some seasoned investment veterans tend to shy away from this sort of investment. If you do invest in securities, I strongly urge you not to risk your entire investment on them.

Mutual funds provide a little safer bet when it comes to your financial future. Again there are no guarantees but these are much safer bet than securities. The problem with mutual funds for many is that there are so many from which to choose that it is still a difficult decision for beginning investors to make. These decisions are the reason that a good financial advisor is so terribly important when mapping out your financial destiny.

All in one funds are essentially collections of mutual funds. These provide a safe bet for those who wish to find an easy investment possibility that is a fairly safe (if not wildly conservative) to place your money and watch it slowly grow over time. All in one funds do tend to become less aggressive in time. This means that as you age, they will become more conservative in the placement in your money in an effort to best protect it while still growing your money.

By placing a little of your money in many different places, you will see a much greater safety net when it comes to protecting your profits. Discuss your plans with your financial advisor and any concerns that you may have. Chances are they can help clear up any questions or doubts that you may have.

Final Notes For Financial Retirement

When it comes to investing, whether you are putting aside money in order to send your children to college or aggressively saving for your eventual retirement there are many things you should keep in mind when making your investments. Keeping these things in mind will help you take the successes and losses you experience along the way in stride. This is important as we must keep going and investing if we want to build a solid retirement for ourselves or education for our children. If we give up and decide to play it safe we are seriously limiting our potential. You must learn from your mistakes and work hard not to repeat them rather than letting them rule your future investments.

The first and most important rule to remember is that there are no absolutes. There is no absolute right or wrong method of investing just as there is no one right or wrong way to save your money. There are only the methods that you are more or less comfortable with. The good news is that while diversity is the key in building a strong portfolio, there are many options from which to choose in order to keep your portfolio diverse and, more importantly, profitable.

For today's investor there are all kinds of venues to pursue. You have the choice of stocks, bunds, mutual funds, property investing, and many categories of each of these in between. You should seek the services of a financial planner in order to help you get through those areas that are confusing to you or those that make you uncomfortable. If you are still uncomfortable with certain types of investing after speaking with a planner there is no specific reason that you must pursue any one course of investing over another. It is often the wiser course of action but not necessarily the correct course of action for you as you are likely to make mistakes out of nervousness rather than allowing the fund to do their job and make money for you.

You should also never invest in companies, bonds, funds, etc for any reason other than you feel they will provide a good return on your investment or you really want to support that particular company. Do not be pressured into making an investment decision that you are not comfortable with unless you are having a hard time risking your money at all. In order to get the returns you

will need to provide a proper retirement you will need to take some risks. The greater the risks the greater the potential rewards.

Whether or not you realize it, the choices you make when it comes to your investments affect every aspect of your future retirement or your child's education. You cannot afford to risk those important things too terribly long by being paralyzed by your fear. Fear and anxiety are quite common emotions to experience when handling funds that will have such a profound effect on your future and that of your family. This is a time when a financial advisor or planner is an excellent idea as he or she can take over the reigns within reason or course, during these times and pick things up and get them moving in the right direction once again.

There will be setbacks along the way when you are investing funds. I do not personally know anyone who has never lost any money in the stock market. I also know that when you lose money even 50 cents can seem like a tragedy if you allow it to. You must see the bigger picture rather than hyper-focusing on one good or bad decision.

IRA vs. 401 (k)

Many people find all the options that are available when it comes to retirement planning to be quite confusing. If you are one of those this article is dedicated to explaining the differences between a 401 (k) plan and an IRA (Individual Retirement Account). There will be many terms you will come across during your research that will be somewhat confusing until you get the terminology down. The path to financial doesn't have to be as complicated as we tend to make it.

I would like to take this opportunity to encourage you to seek the guidance and advice of a professional financial planner. The resources and knowledge that a competent financial advisor can share with you will be invaluable when it becomes time to make the decision that will affect how your retirement savings are put to work for your retirement. We go to a mechanic for mechanical advice (at least I do) so it only makes sense that we would go someone who has trained in financial matters for financial advice.

Getting back to business, when it comes to financial retirement planning you should find that both IRAs and 401 (k) plans have strengths and weaknesses. There are also limitations as to how beneficial they can be when used in combination with one another as well as their own limitations. Every benefit that aids you in taxes and retirement should be considered carefully before leaping.

Let's first look at the 401 (k) plan. This is a plan that offers a few benefits that are much preferable to many over other retirement plans. The first thing you might want to consider is that you can invest up to 15% of your salary or a maximum of $15,000 per year (as of 2006). Of course that is assuming that your employer doesn't have limits on how much you can invest. The money invested in your 401 (k) account is pre tax money so it lowers the amount of taxes you are paying out of each paycheck. Many people also find that because the money is taken from their checks before it arrives it is far less painless to part with. As someone who has closely watched taxes, FICA, and Fido get my money for years I can say that it is no less painful for me but some find it comforting and that is a real benefit. Finally and perhaps the most

important thing to consider is that many employers will match a percentage of your contribution up to a certain amount each check. As an employee this is a boost to your investment that is well deserved and hard earned. I hope you appreciate the implications it has on your future earnings. You should keep in mind that the penalties for accessing these funds early are harsh indeed in order to discourage this practice from occurring. Take care that you do not over-invest in these funds to the point that you will need to access them in times other than dire emergencies.

IRAs are another creature all together. You will find much stricter limitations on IRAs than on 401 (k) plans beginning with the fact that if your employer offers a 401 (k) you must make very little money in order to qualify for the tax deductions that this particular retirement fund generally allows. The maximum yearly contribution for your IRA will be $4,000 or 100% of your annual income; whichever is greater up until the age of 49. Once you've reached the age of 50 you can invest an additional $1,000 to your fund. The other major drawback when it comes to an IRA is the fact that you must begin receiving payments at the age of 70.5 from your account. You will also be heavily penalized if you make an early withdrawal from these funds.

Whether you choose a 401 (k) plan, a Traditional IRA, or both for your financial retirement investments, I hope you will take the time to discuss the benefits and disadvantages of each with your financial advisor before making your final decision.

Long Term Retirement Planning

We all know that sooner is much better than later when it comes to planning your retirement. The more money you sock away and the longer that money has to grow and work for you, the better the position you are in to enjoy your retirement to its fullest. With this in mind, you need to approach all of your retirement investments as long-term rather than quick turnover investments.

It is often tempting to risk it all for the promise of a high return on your investment but you must remember that with great reward comes great risk and most of the time your security is simply not worth that particular risk. There are several different types of long-term investments that you may find to be reasonable and even attractive investments.

Bonds are a popular long-term investment. These are very much like bank issued CDs with the minor exception that bonds are issued by the government. There are many kinds of bonds and you should research them all before committing to one over another. If you select the right bond you might find that given enough time your bond will double in value over time.

Mutual funds are another popular investment for long-term investors. These are pools of money that are combined in order to invest in stocks, bonds, and other short-term investment ventures including securities. These funds are handled by the fund manager who decides where and how the money will be invested. This leaves you to reap the rewards that his or her experience will bring in for you over time.

Stocks are another popular option for those interested in long-term investing. It should be noted that investing in stocks is much riskier than investing in mutual funds though the payouts when things go well are often much more substantial. If you decide to delve into the realm of stock market investment you should be aware that every transaction costs money, that you need to thoroughly research the ins and outs of this type of investing, and that you are taking a substantial risk with your retirement investment. You should also be absolutely certain that you thoroughly research the companies in which you plan to invest and only invest in companies that are well established and showing strong potential for future growth.

With any major financial decision you should consult your financial advisor for guidance and advice. His or her job is to help you turn your limited investments into as much money as possible in order to secure your future and your retirement. The guidance that a good financial advisor can provide when it comes to long term investing is invaluable and should not be discounted or taken for granted any more than the advice you would receive from a doctor or an attorney.

My favorite type of long-term investment is real estate. While there are those that will argue that the return on this investment is too minimal to save for retirement I would argue that the fact that properly maintained and rented units will pay for themselves over time making them pure profit when the time comes to sell or simply to maintain a monthly income throughout your retirement. The more rental properties you own the better your financial position and the more options you have when the time comes to sell those properties. Real estate is one field in which fortunes are made and lost on a regular basis. Rental property is the safest bet for most when it comes to long-term investment and the most significant return on investment. There are options that go well beyond buy and hold when it comes to real estate. If this doesn't excite you perhaps rehabbing property or the even more speculative field of pre-construction investing will offer more appeal.

Long-term investments will be the primary fuel for your financial retirement funds and plans. You need to carefully consider the best possible option for your needs and work towards you financial goals.

Planning Your Financial Retirement

While there was once a standard age for retirement in this country and people could count on their company pension plans or retirement funds to get them through their twilight years we are finding that people are often living longer than their funds intended and that their quality of life in these years is much better than in decades past. In fact, we are seeing a growing number of retirees that are dedicated to health and good, clean, fun living. This is something almost unprecedented throughout history and yet our retirees are younger in many ways than ever before.

This is where the problem kicks in for most. If you haven't heard, social security, which was meant to secure our golden years is in serious financial trouble. Part of the reason for this is because people are living longer than was intended when this program was invented. For this reason, we are seeing more and more young people taking their financial retirement planning into their own hands-particularly as we are witnessing more and more retirees coming out of retirement in order to put food on their tables because their retirement funds aren't enough to make ends meet.

It's really sad to see those that must return to work in those years where they should be watching their grandchildren playing rather than going into work day after day. If you don't want this to be you then action needs to be taken. You cannot depend on social security for your retirement and chances are that social services will be a long forgotten thing of the past by the time we reach retirement age. There are several things you can do that will help you when it comes to setting aside and investing money for your retirement.

The earlier in life you begin socking away money for your retirement the better. This of course does not mean that there is no hope if you wait until later in life only that you will need to make more substantial investments and save more aggressively if you choose to wait until a later date.

One thing you should carefully consider when planning for your retirement and setting aside funds for that end is how much money you feel you will need in order to have the quality of life you hope to have upon retirement. Many people are working longer than in the past in order

prolong their investment period. It helps if you set specific goals so that you have a number to work towards. You should discuss your plans and goals with a financial advisor from the very beginning in order to get the most accurate advice that is customized for your individual needs.

Just as there are very few things in life that are one size fits all, the same holds true when it comes to planning for your financial retirement. We all have goals for our golden years. Some of these goals include jet setting around the world while others of us seek little more than a modest existence, a garden to call our own, and a steady supply of good books to on our nightstands. There are all kinds of retirement plans and they will each require their own unique and individual means of funding.

One important thing you need to keep in mind is that while saving is great, investing is often the wiser option for increasing your funds and netting larger earnings upon which to retire. There is risk involved in investing and you need to be aware of those risks before choosing to do so, however, there are many times where the rewards far outweigh the risks that are associated with investing.

You should always discuss your retirement plans and goals with a qualified financial planner. He or she can offer advice and guidance that could make a huge impact on the scope of your retirement and your lifestyle upon retiring. Choose your planner with as much care as you choose the plan for your financial retirement and you should be in good hands.

Properly Planning For Financial Retirement

The vast majority of people reading this will never receive the benefit of social security for the purpose of retirement-unless of course serious adjustments are made in the current system. There are simply too many people living much longer than anticipated. At the same time, regardless of how much you've managed to pay into social security over time it is doubtful that anyone could live on the amount of money they would receive in social security benefits even if they had no other significant bills to pay such as house notes, car notes, or insurance on a home or automobile.

It amazes me that my grandparents managed to live on the modest sum that was earned from my grandfather's retirement and social security. They were never wealthy but in the last decade or so I understood just how little they had and yet they managed somehow to have all the things they absolutely needed in order to survive. I know that in the world of today, their meager incomes would not even begin to make ends meet for groceries let alone utilities and other necessities in life.

It is because of the struggles my grandparent's faced that I have devoted a good deal of time and effort into making sure that we do not go through those same challenges and struggles upon retirement. We have taken steps today to insure that we will have income throughout our retirement as well as a few carefully crafted investments to pull us through. I do not believe that I have all the answers and for this reason we have relied heavily upon the advice of our financial planner. He has helped us discover avenues for investing money and methods of doing so that have been nothing short of amazing for us as we watch our holdings grow year after year in preparation for retirement.

If you haven't taken the time to find a financial advisor for your investments there is no time like the present to do so. Even if you are nearing that magical number you might be amazed at the guidance and advice that can be offered by a competent financial planner to maximize your short and long-term investment and retirement planning needs. I believe you will be amazed at the financial miracles a good financial planner can work with even the most modest of investments with which to work.

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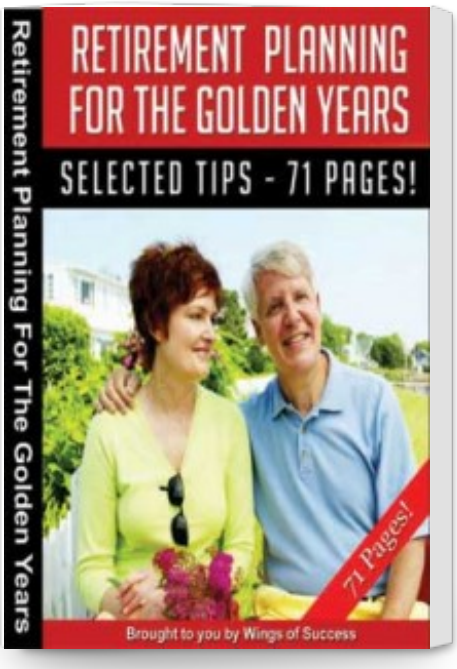

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