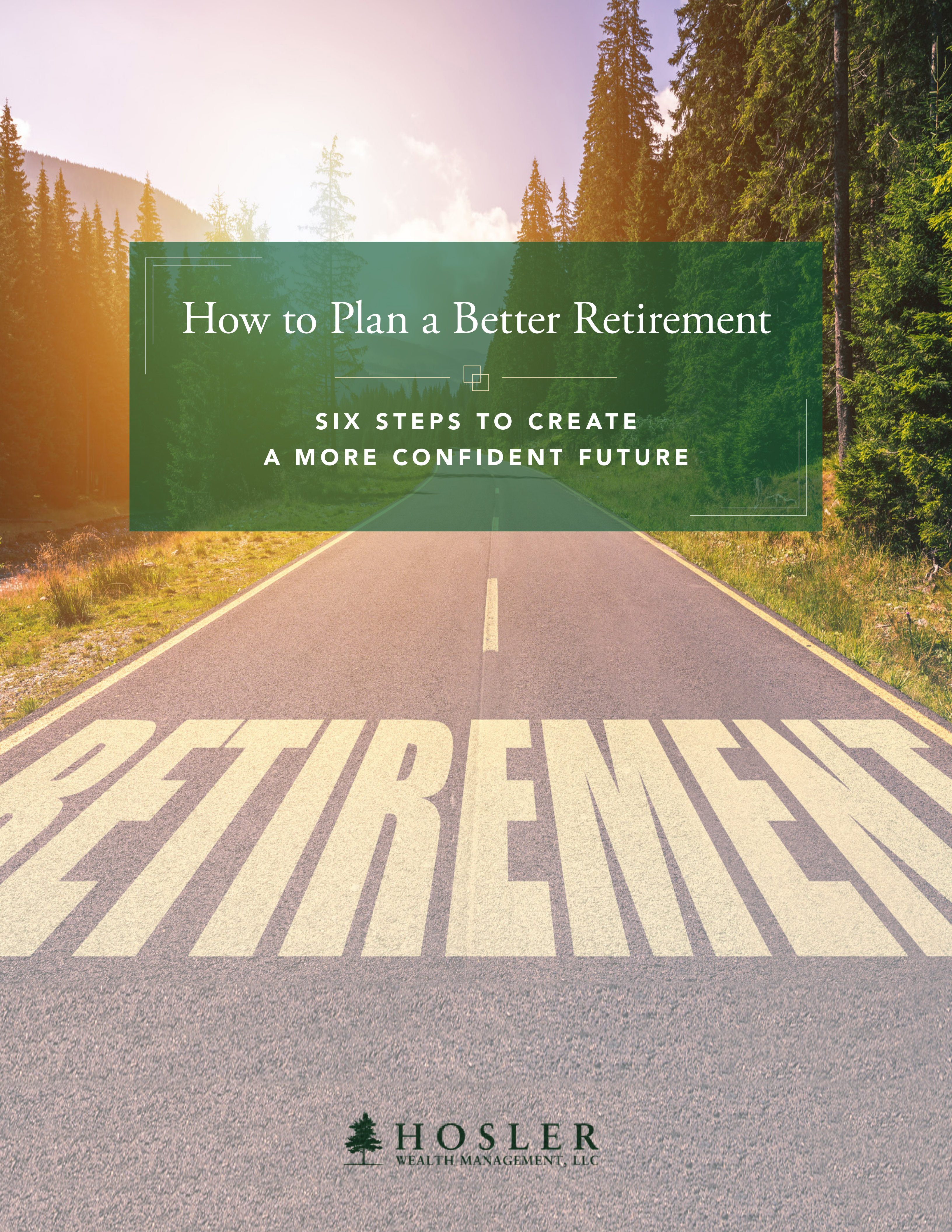
How to Plan a Better Retirement

SIX STEPS TO CREATE A MORE CONFIDENT FUTURE



HOSLER
WEALTH MANAGEMENT, LLC

The concept of retirement is changing, but one thing isn't: the need to plan. With life expectancy on the rise and interest rates near generational lows, it's critical that you make sure your money will be there when you need it.

But with all the demands of daily life, it can be hard to find the time to plan for your future.

As retirement advisors for over 22 years, we've seen far too many people playing catch-up simply because they didn't do enough planning upfront. That's not a comfortable spot to be in. Or, if you're already financially comfortable, you may think planning is not as critical—but in reality, you could be losing out on tax strategies that could potentially save you significant money over time.

That's why we wrote this book: we want you to start planning your future sooner rather than later. By acting now you get the power of compounding on your side. It's exponentially easier to build wealth by harnessing compound interest than by simply saving, especially at today's low interest rates.

Once you've accumulated more wealth, you can also take advantage of smart tax strategies to keep your money working for you. The federal income tax code is full of unique ways to help you achieve your retirement goals, but these need to be put in place early on so that you can get the most benefit.

Of course, we can't cover all of these topics in this short guide, but we've designed it to help you get started.

We hope you find this guide helpful. Please contact us if you have any questions or comments.

To your best future,

THE HOSLER WEALTH TEAM

1

Start Now (*Don't* Put It Off)!

There is little more important than securing your future, but the reality is that many people spend more time planning their next vacation than planning the rest of their lives.

Time is your friend, so literally every day you wait, you are losing out.

Why? Because when you save and invest is more important than how much you save and invest. Don't believe us?

Let's say that you are 30 years old, and for the next 35 years, you contribute $12,000 per year (or about $1,000 per month) to your retirement account, earning an average of 8 percent per year. (Please note it is assumed for simplicity that you added the contributions in a lump sum at the beginning of the year.)

At age 65, that account would be worth more than two million dollars ($2,066,000).

Instead, let's say that you decide you'd rather wait to start until you're "really ready."

- If you delay just one year and start at age 31, your account will be worth about $163,000 less.
- If you wait until age 35, you will lose out on more than $700,000.
- If you wait until age 40, you will lose out on more than a million dollars ($1,188,000)!

Any later, and…well, you probably get the picture. But keep in mind, few people start early, so you've got plenty of company. There's nothing you can do about the time you've already lost; the important thing is to get started right away.

(If you're curious, here's a simple calculator where you can play around with some of the assumptions to tailor it to your specific circumstance.)

Already financially successful?

Even if you've already got a high income and net worth, waiting can still cost you. How? In the form of missed opportunities to save money by implementing smart tax strategies.

The take-home message is **don't put it off!**

2

Commit to the Process

People put off planning for the future because they think it is a monumental task. The good news is it doesn't have to be.

Wes Moss, author of You Can Retire Sooner Than You Think, surveyed retirees to help identify the traits of those who were happiest with their retirements. One of his key findings was that the happy retirees had spent at least five hours a year planning for retirement.

Note: that's five hours **per year.** Not per month or per week. In the grand scheme, it's not that much at all!

Most people in the survey spent these five hours in the following way:

- They created a formal plan, or in most cases, had one created for them.
- They spent one hour every six months with a financial advisor, who helped keep them on track and helped them avoid expensive mistakes.
- The other three hours were the occasional an hour on the weekend to periodically check-in and make sure they were sticking to the plan and still on track.

Doesn't sound too bad, does it?

No matter if you do this all on your own or get help, the sooner you start, the more likely you are to reach your goals.

3

Run the Numbers

"If you fail to plan, you plan to fail."

– BENJAMIN FRANKLIN

Planning for retirement used to be a much simpler process. In past decades, you may have had a guaranteed pension through your employer. When you stopped working, you simply shifted most of your stock holdings into bonds that used to pay a very respectable interest rate.

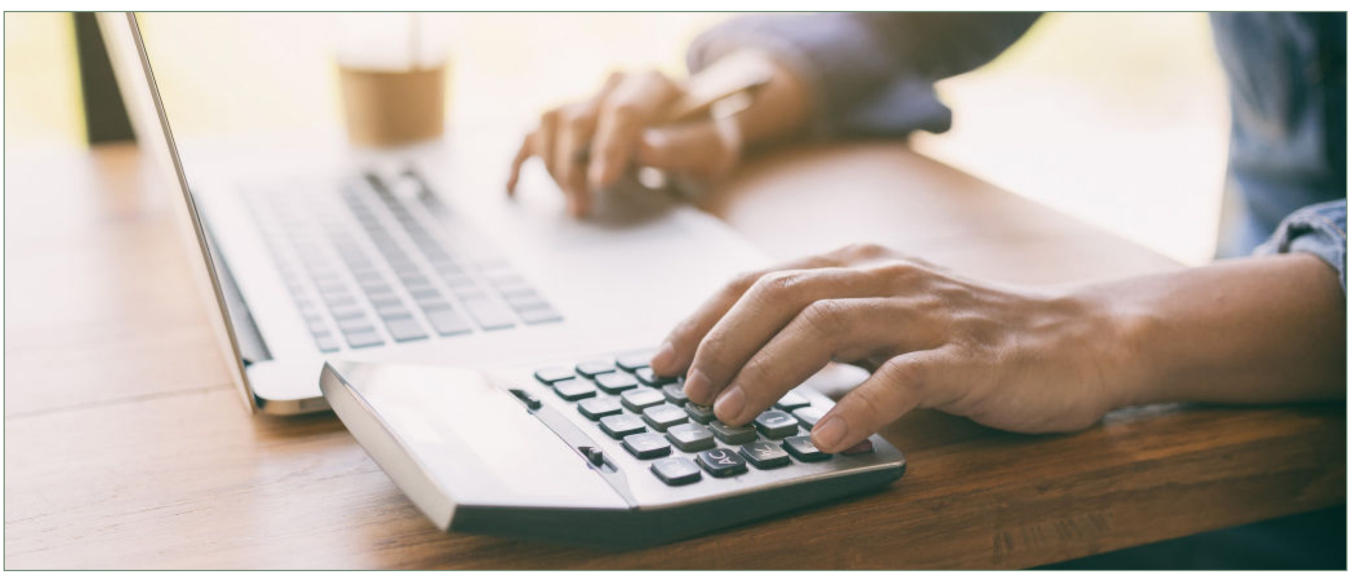
Fast forward to today, and the landscape has totally changed.

Interest rates are near generational lows. Pensions are rare. Social security provides a very meager amount and its future is uncertain. We're also living longer than any previous generation.

So how do you navigate this complex landscape?

This is where you need to run the numbers—which basically means creating a financial plan. Then, you need to do a lot of stress-testing to make sure you'll be okay under a variety of situations.

When it comes to financial planning you can always do it yourself, but just like with health care, you need to ask yourself: are you the most qualified person in this field? Unless you're a doctor or surgeon, you will probably want to seek out someone with the right expertise when it comes to a medical issue. Same with your finances.



Once you do have a plan put together, it can help you remove the emotions from managing your money and also provide a framework to help you make sound financial decisions. For example, if you start thinking about buying a second home, your financial plan can help you determine if it is within your means. Done right, a proper financial plan can also help you manage competing demands, like paying off your mortgage versus saving for college.

But there's one caveat: it has to be the right kind of plan. It has to be built around your specific needs and customized to your unique requirements. A simple boilerplate plan usually can't be trusted to provide the level of detail you need to build your future upon.

So beware: many firms, often the big brand-name Wall Street and insurance firms, sometimes offer "free" financial planning. The problem is that these computer-generated models are usually not very comprehensive. They also aren't customized to deal with all the variables involved in real life. These types of plans also cannot usually prepare you for certain common events such as a job change or divorce.

Worse, these automated plans may create a false sense of security. You don't want to discover deficiencies decades later when you're not in a position to make up lost ground.

Instead, you are usually best served by comprehensive financial planning. This is a significant process designed to look at all aspects of your financial life. You and a planning professional will work together to define your goals and evaluate your vulnerabilities. Then, a thorough analysis of many parts of your financial life will determine your needs going forward. Finally, a plan will be created that will help you pursue your goals and address any competing priorities.

In order to get true comprehensive financial planning, we recommend the following:

- Look for a professional who is specifically trained and experienced in financial planning for retirement. Ideally, look for a team that includes tax expertise as well to help you identify potential tax-saving opportunities.

- Because it is such a specialized discipline, you are usually best served by seeking out firms that include CERTIFIED FINANCIAL PLANNER™ professionals. This ensures the professional has completed rigorous education, training, and testing in this field.

- You should also only consider professionals who will act as your fiduciary. That is, they are legally required to put your interests before theirs. This will ensure you don't get a product solution instead of a real financial plan. Believe it or not, not all advisors are legally bound to put your interests first.

- Always watch your fees. While it is worthwhile to pay for these services (and potentially dangerous if you get them for free), you also want to work with those advisors who are transparent. It should be no mystery what you will pay, and it should be disclosed to you upfront.

Once you have a financial plan in place, it doesn't mean your work is done. Be sure to keep up with the half-yearly check-ins, along with the occasional hour on the weekend to review your plan and make sure you're staying on track with your goals.

If you have a financial advisor, make sure they offer the type of comprehensive financial planning that helps position you to succeed, as well as regular follow ups to keep you on track. If you're doing it on your own, pre-schedule these so you aren't tempted to put this off.

4

Take Advantage of Tax Saving Strategies

Many people are accustomed to "swinging for the fences" when it comes to risk. With over 11 years of rising equity markets behind us, taking higher risk with stocks has been well-rewarded. However, it is important to remember that the stock market is cyclical. Periods of over-performance are usually followed by periods of lower returns.

While there's no guarantee, we've probably got a decade or so of lower returns coming eventually. And it can start at any time.

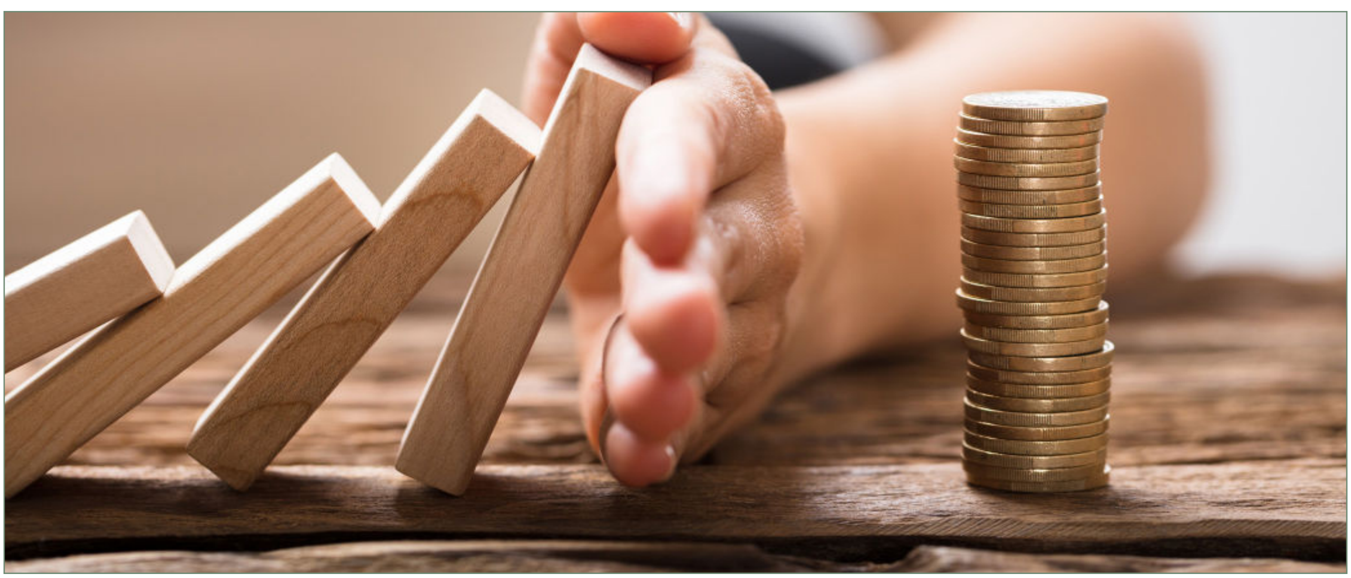
These are the times you don't want to be caught taking oversize risks. Ask anyone who was overinvested in technology at the end of the dot-com run, or in stocks in 2008.

As wealth advisors and tax experts, we want you to make consistent progress toward your goals. When you're invested with too much risk, you can expose yourself to potentially large losses that can take you backward. We believe you're better off focusing on finding smart tax strategies for increasing returns. That way you can generate higher returns with no extra risk.

Unfortunately, tax planning is often an afterthought, both with individuals and even with some advisors. Even very competent tax accountants may be more reactive than proactive or not involved with your investments, which can mean lost opportunities for saving you money.

Instead, prioritize tax planning. Ideally, get your financial planning, investment, and tax planning in the same place so you can get the synergies of a team working together. This also helps you avoid duplicating fees and hassles of coordinating everyone's efforts.

Bottom line: Taxes should be a part of almost every financial conversation about your future. Implementing tax-efficient strategies into your retirement planning is one of the few ways to get more return without taking on more risk, so take advantage of that opportunity!



5

Address Your Blind Spots

As we all know, life is never predictable. We can be moving along and making progress, and then life can throw us curveballs:

- Lawsuits
- Divorce
- Death of a family member
- Loss of a job or business downturn
- Major disability or medical affliction

These "what-ifs" need to be built into your financial and retirement plan to ensure that a single event doesn't derail your future.

That's why a comprehensive financial plan will identify any blind spots and recommend additional protections, such as:

- Life insurance
- Wills and trusts
- Disability and long-term care insurance
- Asset protection plans for business owners

These are vital considerations to make before it's too late. This is all part of proper financial planning.

Ask your professional for help, or do some research to see what makes sense. Again, it is always best to rely on a fiduciary to help you get what you really need, not just what the person is selling.

Another aspect of addressing your blind spots is being truly prepared for retirement. Everyone has known someone who retired and went back to work. There's nothing wrong with that, but we find that with a little bit of planning, you can have the future of your dreams without any regrets.

So after decades of work, it's important to step back and make plans for your future. Including a plan to transition into a less-structured lifestyle can make the change a smooth and enjoyable one.

It's best to go beyond merely the financial and also plan for health, social activity, work, and hobbies after that magic retirement date.

6

Avoid the Big Mistakes That Set People Back

We all make mistakes, but why not learn from others' mistakes so we don't have to feel the pain? This is especially true when it comes to retirement planning since you have less time to recover as you near retirement.

Usually, the big mistakes that can really impact your future fall into these categories:

- **Investing mistakes –** selling at the wrong time, or buying after things have run up too far.
- **Spending mistakes –** buying that bigger house, or that second or third home, or that boat

What do these usually have in common? These are often emotionally-driven mistakes.

We're all human, and we've all been there. With investing mistakes, we can all probably remember the dot com crash, 2008 financial crisis, and other market milestones. Many retirement plans got set back years at times like these, and these moments are especially dangerous because it's easy to make emotional decisions.

As humans, we need to fight our instincts when it comes to investing decisions:

- We naturally feel safest with the crowd, so we tend to chase performance, which can be devastating if we're not doing the things we need to do (like rebalancing, which is a technique that helps you maintain the proper risk levels).
- We tend to panic and sell at the wrong time.
- When we go through bear markets (periods of declining prices), we tend to stop buying stocks. In fact, these are the times where risk is less, and we can make up ground by buying during bear markets.

A company called Dalbar, Inc. does an annual study about investor behavior. Sadly, they consistently find that individuals always underperform the market indexes (even when they buy index funds) because they usually panic and sell on the downturns, and buy and sell too frequently.

Most spending mistakes are spur-of-the-moment decisions that were made based on emotion. This is the value of having a financial plan, and even better, an advisor who can help weigh in on your major financial decisions. It's much easier to take a break and get an opinion than to fix an expensive mistake.

Here at Hosler Wealth, our team includes accountants, tax experts, and estate planning attorneys who are especially tuned to helping you make good financial decisions, so you will move you toward your goals faster.

Your Next Steps...

We've had a look at some of the things you'll need to think about when it comes to retirement planning. A key takeaway is that just like with your health, prevention is key. That means starting early. For health, you eat right, exercise, and schedule annual visits to your doctor so problems can be detected early and fixed more easily.

With your money, you should educate yourself, get comprehensive financial planning, and include regular checkups on that plan to detect any problems early so there is plenty of time to correct them.

It's vital that you act now and not later. To get started, meet with your advisor and use this book to guide your conversation.

If you don't have an advisor yet, or if you're not sure you are working with one who is right for you, please feel free to schedule a complimentary retirement checkup.

Don't put this off. Your future is too important!

About Hosler Wealth Management

For over 24 years, Hosler Wealth has been helping people more effectively prepare for retirement. Our unique team of tax accountants, wealth managers and financial planners bring you specialized strategies to create a more confident future.

So you can get to know us, we offer a free Retirement Checkup.

What happens in the complimentary Retirement Checkup?

It's an approximately 45-minute meeting that is held either at our offices, by video- conference or by phone, whichever you prefer. During the meeting, we will discuss topics related to your current preparedness for retirement. Specifically, we will cover:

- A review of your retirement goals, needs and challenges
- A review of your income sources and a discussion on how to manage a budget
- A risk assessment and asset allocation strategy
- General retirement planning concepts that are applicable to you

The purpose of the checkup is just to allow us to talk and see if we are the right fit for you. In the process, you'll gain valuable insight about what you need to focus on.

What happens after:

There are no strings attached, so we won't spam you or put you on a call list. We'll only call you if you want us to! We may send you an occasional email, but you may opt out at any time.

Get a Complimentary Retirement Checkup

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