The AMERICAN RETIREMENT ADVISOR

A guidepost to your successful retirement.

Seven Risks to a Successful
Retirement Income Plan

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The BIG Risks	Solutions
1. **Living too long** Running out of money. The single biggest fear experienced by today's retirees is "running out of money" *~~American Institute of CPAs Journal of Accountancy*	In most cases people have ample retirement savings and social pensions to live a comfortable retirement. The trick is to spend wisely and never lose your principal. Our planning process includes mixing predictable and insured income tools with Social Security to provide an income for your entire retirement.
2. **Long-term care** 70% of Americans will need extended care. The current average cost exceeds $80,000 per year. *~~U.S. Department of Health and Human Services.*	A written plan to provide professional extended care. This could include a written and binding contract between you and your children, an insurance company, or a continuing care retirement community.
3. **Poor market returns** The market's REAL returns yield only 3.37%. There are more downturns then upturns. *~~Google finance, Alpha Sector*	Eliminating market risk to principal on as much as 50% of retirement savings with insured income. Removing variable performance from at least 50% of retirement savings while delivering predictable returns.
4. **High fees on investments** Most folks pay fees for management and funds averaging 40% of earnings; 1.2% for mutual funds and 0.9% for investment grade bond fund plus the standard average of 1% to the advisor, equaling 2.1% of their total assets. Considering the S&P 500 for a hypothetical portfolio with a 60% stock and 40% bond mix both generating 5.3%, a cost of 2.1% is a hefty 40% cost to pay. *~~ Forbes May 27, 2013, Morningstar & Portfolio Solutions*	Completely removing high-fee products from retirement savings. No more than half of a portfolio should be subject to a reasonable management fee.
5. **Unexpected medical expenses** Medical expenses with Medicare alone do not have a cap to your liability. *~~Medicare.gov*	Planning for medical expenses via a process that reviews every Medicare option available in the market. The result limits your liability to a manageable amount you select.
6. **Spending more principal savings than expected** Spending the principal savings used to create dividends for income erodes your current and future income permanently. How can you earn money on money that is no longer there?	One's living budget is the actual amount of money spent for the past 6 months divided by 6. This number is far more accurate than trying to figure out how much you may spend on groceries. This number is used by a planner to make sure expenses are met and adjusted for inflation annually.
7. **Inflation** Inflation is a hidden thief. It quietly removes spending power almost unnoticed. Current inflation is 2.20%. You need to out-earn inflation just to break even. *~~Trading Economics as of 6-12-17*	All earnings must be adjusted for the real rate of inflation. A 6.2% return is only increasing your savings spending power by 4% after inflation is considered. (Currently 2.2%)