

Fearing Retirement?

By Xenia Woltmann

When creating a financial plan, advisors use numbers, statistics, and hard data to evaluate the probability of a successful retirement. What you do not see in the algorithms is what a successful retirement truly means. As advisors, it is our job to understand our clients' goals, both tangible and intangible, then create a plan to achieve those goals, with allowances for deviation due to unforeseen events. Consider a roadmap, or Google Maps nowadays: you determine your destination and find the most time and fuel-efficient way to get there, sometimes using more fuel to save time or vice versa. As anyone that drives in Michigan knows, there are always bumps in the road and we may have to deviate from our original plan. If we do not have our map, we may be forced to waste time and fuel waiting in a traffic jam that we could have circumvented.

Consider these statistics: On average, only 28% of Americans have a financial plan; 54% of Americans with an advisor feel very financially secure compared to 21% without an advisor; 40% of Americans who do not have a financial expert to help them plan their finances expressed a range of negative emotions about financial planning; 75% of Americans with advisors consider themselves disciplined financial planners compared to 37% of those without a financial expert. Note the sentiment in these statistics. Mental health aside, while we may blame lack of time or not enough assets to warrant a plan, the underlying reason is more emotional, possibly fear of realizing they may not be able to achieve goals or being disheartened by the process entirely and not even knowing where to begin, even the thought of facing one's mortality.

Regardless of the reason, financial planning does not need to be overwhelming. In fact, the emotional and financial cost of an unexpected event are far more stressful than an initial meeting with an advisor. The process begins with a conversation, allowing the advisor to get to know you. Understanding your intangible goals and creating tangible steps to achieve them. Then creating an action plan and revisiting regularly to ensure that there is an alternate path for when we are faced with obstacles. The use of "we" was intentional in the prior sentence, you are no longer alone on your journey. You have someone with experience and knowledge to proactively plan for the "what if's" in retirement. One final statistic: 65% of people with a financial plan say they felt financially stable; 92% of Americans agree that nothing makes them happier or more confident in life than when their finances are in order.



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