



3 Steps to Stop Your Retirement Nest Egg from Breaking

A retired couple met me in my Jerusalem office and within minutes of sitting down, it was clear that they each had drastically different views about how to handle their retirement nest egg. The husband wanted to invest heavily in the stock market and the wife wanted more conservative investments to protect their nest egg from breaking.

The husband pointed out that much of their wealth was created by investing in the stock market over the long term. His wife's response was, "But we can't afford to lose it now." Both of them had valid points so I suggested they follow a three-point plan:

***Make the basic calculations

The first step to a secure retirement is calculating your income from all sources (pensions, savings, and investments) and comparing that with an honest assessment of your spending. I suggested that they simply sum up the numbers from their recent monthly statements and take note on where and how their money was spent. Without much effort, they were able to present their monthly cash flow.

***Figure out where to make up the shortfall

Since the couple spent more than the sum of their pensions and Social Security, they needed to generate income from their investments. I explained how bonds and FDIC-insured bank deposits (CDs) could pay an annual income, and that by putting a little more than half of their money into these "fixed income" securities they would be able to generate a reliable income stream which could make up the shortfall in their budget

***Go for growth

Once the wife saw that they could have enough monthly income from a portion of their portfolio, she was open to the idea of investing another part in growth-oriented investments. It may be appropriate for retirees (particularly those with longevity genes!) to invest a portion of their portfolio in growth oriented investments.

Instead of arguing with your spouse, talk to your financial advisor about how to manage your retirement nest egg. Go to profile-financial.com/retirement for other issues you need to consider in retirement planning.

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