THE DARK HORSE AGENCY

A FREE GUIDE FOR PEOPLE APPROACHING RETIREMENT

Six Retirement Mistakes, and How to Avoid Them

Most of them are small choices made with good intentions. Here is what they look like, why they matter, and one better move for each.

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BEFORE YOU START

Most retirement mistakes are quiet ones.

We work hard our entire lives. Late hours, rushed meals, missed time with family, all with the goal of retiring one day and enjoying life.

Too many of us get within a few years of retirement and our path becomes murky. These are six places where that tends to happen. None of them takes a crash or a bad investment. Each one is a small decision that gets put off, and noticed late.

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How to use this guide. Read the six, circle the ones that sound familiar, and bring those to a conversation. You don't need every answer. A good roadmap starts with knowing which questions to ask.

1

THE DELAY

Waiting too long to look at the plan

"I'll get to it later" is a decision too.

Retirement is easy to put off because nothing forces the issue. Work is busy, the account statements look fine, and there is always something more urgent. Then a few years pass, and the options that were wide open have narrowed.

The people who feel most settled tend to have one thing in common. They checked in on the plan regularly, long before they needed to.

A BETTER MOVE

Put a plan review on the calendar once a year. Same month, every year, like a physical.

ASK YOURSELF

If I stopped working in five years, could I say in one sentence how I'd pay my bills?

2

THE MISSING PAYCHECK

Having no plan for a monthly paycheck

A big balance is not the same as an income.

For decades a paycheck shows up on its own. In retirement, you become the one who has to create it. Many people reach their last day of work with a healthy account and no clear answer to a simple question: what do I live on each month, and for how long?

The right answer is usually a mix, covering essential bills with income you can count on and keeping the rest flexible. Annuities are one tool for the first part, and not the only one.

A BETTER MOVE

List your must-pay monthly costs. Then list the income that will arrive no matter what the market does. Look at the gap.

ASK YOURSELF

Which of my bills would worry me if a market drop cut my account by a fifth?

THE ONE-WAY CHOICE

3 Claiming Social Security without a plan

The age you claim changes the check for the rest of your life.

You can start benefits as early as 62, and waiting generally increases the monthly amount. Many people claim early because the money is available, or because they worry about the program, without ever comparing the options for their own situation.

The best age depends on your health, your spouse's benefit, your other income and when you stop working. It deserves a few hours of attention, because it is hard to undo.

A BETTER MOVE

Create your account at ssa.gov and pull up your estimate at 62, at full retirement age and at 70. Compare the three.

ASK YOURSELF

If I'm married, how would the survivor's check look if one of us were gone?

THE TAX BILL

4 Forgetting about taxes and required withdrawals

A 401(k) balance is not all yours. Part of it belongs to the IRS.

Money in a traditional 401(k) or IRA hasn't been taxed yet. Every withdrawal is taxed as income, and once you reach your required minimum distribution age, the government decides when you must start taking money out.

People who skip this step can find a surprise on the tax return: higher brackets, higher Medicare premiums, or a larger tax bill on their Social Security.

A BETTER MOVE

Ask a tax professional to estimate your taxes in your first year of retirement, before you retire, not after.

ASK YOURSELF

Of what I've saved, how much is already taxed and how much is still waiting to be?

5

THE WRONG MOMENT

Leaving everything exposed to the market

A drop hurts most right before, or right after, you stop working.

When you are saving, a down market is an opportunity to buy at lower prices. When you are about to start withdrawing, the same drop can be damaging, because you may have to sell at a low point to pay your bills. This is called sequence of returns risk, and it is the reason your portfolio at 50 and your portfolio at 62 should not look the same.

A BETTER MOVE

Decide how much of your money must be safe from market swings in the first 5 to 10 years of retirement, and put that part to work accordingly.

ASK YOURSELF

If the market fell 25% the year I retire, what would I do? Is my plan built for that?

6

THE OVERLOOKED COST

Not planning for health costs

The retirement we picture and the one we live aren't always the same.

Financial plans are usually built around a number, and health can quietly slip down the list. Medicare covers a lot, but it doesn't cover everything, and long-term care is a large and uncertain cost that most plans leave out.

Thinking about it early costs nothing. Thinking about it late can cost a great deal, both in money and in choices.

A BETTER MOVE

Learn what Medicare covers and what it doesn't. Then decide how you'd pay for care if you needed it.

ASK YOURSELF

If I needed help at home for a few years, whose money would pay for it, and would that be OK with me?

NEXT STEP

Build the roadmap, so you can get there from here.

If two or three of these sounded familiar, that is a good place to start. In a free 30-minute Retirement Income Review we look at your savings, your Social Security estimate and the monthly income you'll need, and what, if anything, to change.

1. Bring your latest 401(k) and IRA statements.
2. Bring your Social Security estimate, if you have it.
3. Bring the monthly number you'd like to have in retirement.

Book your free review →

calendly.com/danhuslin-dha/30min

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