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Retirement Planning Process & Techniques

Six Step Process for Managing Retirement Income

Step Two: Identifying Retirement Risks

We all have unique personal retirement risks (whether real or perceived) and we need to understand the trade-offs associated with managing those risks. There are key financial risks that individuals face in their retirement years that they didn't have during the accumulation years.

Primary Risks include:

- 1) Longevity Risk – the likelihood you will outlive your financial resources (couples face a 20% chance that one of them will be alive at age 95).
- 2) Inflation Risk – the likelihood your standard of living will decline due to inflation.
- 3) Healthcare and Long-Term Care Risk – the likelihood your medical expenses will consume an ever-growing percentage of your retiree budget.
- 4) Investing Risk – the likelihood that your investments will underperform.

You will notice this step is about identifying the risks. Each of these four risks are worthy of consideration, and then further along in your financial planning process is where you would implement measures to minimize and manage these risks. Being honest about the risks you face is an important factor when it comes to your overall financial confidence.

If you would like more information or assistance, contact us any time. www.multop.com

Stay tuned for Step Three: Identifying Distribution, Tax and Estate Issues and Opportunities.