Retirement — Are You Prepared?

You have waited 40 years for this day. You've cleaned out your desk, received the obligatory retirement party and the gold watch. You're ready to walk out the door and begin enjoying the good life — retirement. And, you have determined how you are going to afford retirement, right?

According to the 2007 retirement confidence survey by the Employee Benefit Research Institute (ERBI) and Matthew Greenwald & Associates, nearly half of all workers saving for retirement have savings that fall below $25,000.

Forty percent of survey respondents said they are not currently saving for retirement, and 25 percent said they have no savings at all, retirement or otherwise.

According to ERBI, men should accumulate a nest egg 12 times their income by the time they retire. A woman, because of longer life expectancy, should have 14 times her income. That's more than $1 million for a woman earning $82,000 a year.

In addition to financial planning, be sure to take care of the practical issues. Even though you have years of living ahead of you, you need to prepare for the inevitable. If you have not already prepared your will, do so now! You don't want the state to decide what happens to your estate. It would be wise to hire an attorney rather than rely on one of the do-it-yourself, fill-in-the-blanks computer software programs. While the computer method may appear to be cost-effective, the forms may be out-of-date and may not conform to the laws of your state.

While you're at it, have a professional prepare a durable power of attorney, and throw in a medical power of attorney, as well. Both will allow you to designate a family member, friend or other person to act on your behalf should you become mentally or physically incapacitated. Without those designations, your family may have to go to court and pay needless court costs and fees to settle your estate.

Most of us have life insurance policies to help ease the financial burden on our loved ones in the event of our death. Now that you're retired, you may want to reconsider whether you need all of that life insurance protection. The kids are grown and living on their own. You want to ensure that your spouse has plenty of money to live comfortably, and that there is enough insurance to pay debts and funeral expenses. Unless you just want to leave large sums of money to your survivors, you may want to consider a life insurance policy that provides minimum coverage.

When seniors are seeking financial advice, they should secure the services of a certified financial planner rather than individuals representing themselves as financial counselors. Anyone can become a financial counselor by taking an inexpensive correspondence course and passing a multiple-choice exam, making them less qualified to dispense sound financial advice. Certified financial planners, on the other hand, have had years of coursework, and have passed difficult tests and extensive background checks. Be sure you can trust your financial adviser, and do not succumb to abusive sales techniques.

While financial planning is essential to a satisfying life after retirement, personal planning also is important. For the past 30 to 40 years, you've awakened to that obnoxious alarm clock blaring in your ear every workday. Now that you're retired, you don't have to get up at a certain time each morning.

You don't have to get up at all, and that might be a problem. You will need something to fill your life. Whether it be traveling, spending time with family and friends, pursuing your hobbies or volunteering in the community, you need a plan to fulfill your days. You've worked hard, and now it's time to relax and live life to its fullest!

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