The Retirement Savings Dilemma Transcript

So, you're thinking about your retirement and exciting yet scary proposition. Two crucial questions have probably crossed your mind. How much do we need to save and where do we need to put it? To answer these questions, you must remember why you're saving money long-term in the first place.

You want to have an income stream in retirement. Think of it like climbing a mountain, what's the objective, to get into top, well not really. The ultimate objective is really to get to the top and then make it back down safely. In the context of your financial life, getting up the mountain is your pre-retirement accumulation phase. Getting back down is your retirement distribution phase, this is one continuous journey. You can't in a helicopter at the top of the mountain if you didn't bring sufficient supplies to make it down safely. To figure out where to put your saving in pre-retirement. You must understand how the distribution phase works. How retirement income streams work defines? How to pack your bags in free retirement?

Many people haven't had the opportunity to look at it from this perspective which can be very costly. Back when pension plans were the norm retirement planning for individuals used to be more automatic. Pension plans. Put the responsibility of providing you retirement income in the hands of your employer. Typically, your pension amount was comparable to a good percentage to your salary. Pension plans automatically took into account both the accumulation of money and the distribution of it for retirement income. Around the 1980s, things started to change significantly as retirement plans like 401k were introduced they started to become the norm. These types of plans met employees became more responsible for providing retirement income for themselves 401k type plans focus mainly on accumulation of money and not on distribution. When used alone, they can be very inefficient for creating retirement income streams later. For example to avoid potentially running out of money in retirement financial research recommends withdrawing only three to four percent from these types of invested retirement assets every year to live on. These relatively low distribution rates can be problematic.

Think about it you'd need 1 million dollars at retirement to create just 30 to 40 thousand dollars a year of retirement income. What about adding inflation to your current income $100,000 of income today needs to be 180 thousand dollars in 20 years at three percent inflation just to maintain spending power. This would require the accumulation of approximately five million dollars by retirement time. How feasible does this pass sound running your own numbers? Is this the path running your own numbers? Is this the path you would want to stay on if you had a choice see?

The problem in many cases isn't the accumulation of money in retirement plans, but rather the low distribution rate we could be on track for, if that's all we do. What if today you could put yourself on a path that provides higher distribution rates from the retirement assets you're accumulation. Then 1 million dollars could potentially create 70 to 130 thousand dollars a year of retirement income. How, by knowing how retirement income streams work, so you can take action now in pre-retirement to position your saving accordingly. Get off the default path of low distribution rates and contact us today to learn about saving for your retirement income.

You'll be glad you did.