HAMMOND
WEALTH ADVISORY

THE ESSENTIAL STEP BY STEP RETIREMENT GUIDE

RetirementPlanningMadeEasy.com

Your retirememnt expenses will depend on the type of lifestyle you want to live and can sustainably afford. Use the table below to create a vision of your expenses in retirement. Which expenses are temporary? Which are permenent?

HOME	CURRENT	AT RETIREMENT	PERMANENT OR TEMPORARY
Mortgage/Rent			
Property Taxes			
Other:			
UTILITIES	**CURRENT**	**AT RETIREMENT**	**PERMANENT OR TEMPORARY**
Electricity			
Gas/Water			
Garbage			
Home Phone/Fax			
Cell Phone			
Cable TV			
Internet			
Other:			
TRANSPORTATION/TRAVEL	**CURRENT**	**AT RETIREMENT**	**PERMANENT OR TEMPORARY**
Car Payments			
Fuel			
Auto Repair/Maintenence/License			
Vacation/Travel			
Other:			
INSURANCE	**CURRENT**	**AT RETIREMENT**	**PERMANENT OR TEMPORARY**
Home/Renter Insurance			
Auto/Boat/ RV Insurance			
Umbrella Insurance			
Life Insurance			
Other:			
MEDICAL	**CURRENT**	**AT RETIREMENT**	**PERMANENT OR TEMPORARY**
Health/Dental/Eye Insurance			
Long-Term Care Insurance			
Medicare Supplement			
Other:			
MISC. SPENDING	**CURRENT**	**AT RETIREMENT**	**PERMANENT OR TEMPORARY**
Grocery			
Dinning Out			
Subscriptions & Dues			
Credit Card Payments			
Loan Payments			
Savings			
Charitable Contributions			
Taxes			
Other:			
Other:			
Other:			

EXAMPLE OF WARNING SIGN:
Projected retirement expense is $6,000/month,
Projected retirement income is $4,000/month,
You need to know where the additional $2,000/month will come from, or how to reduce expenses.

Current Monthy Take Home	
Estimated Retirement Income (Social Security, Pension ETC.)	

A huge part of staying on a successful path in retirement is to have the right mind set.

There are many unpredictable events that can occur durring retirement that can negatively impact your retirement. These could include health issues, family situations and even stock market declines.

Since these issues are unpredictable and can happen to anyone, worrying about them will do little to no good.

However we can control how we react to unpredictable events in retirement. This is where the proper mindset can help us to make better decisions during these times.

Think about the following topics:
- What would you do if your portfolio dropped twenty percent or forty percent?
- Markets are often quick to recover. What would you do during a downturn?
- Would you reduce your portfolio withdrawals until your portfolio recovers?
- Which expenses could you cut back during this time?
- Would you try to avoid this by employing investment strategies that help reduce downside losses?

Write your thoughts here:

What about taking care of aging parents?

With longer life expectancy, many retirees have elderly parents that may need care and/or financial support.

Is caring for an aging parent something you may face?

How would this impact you financially?

If it may impact you financially, are there other expenses you could cut to accomodate this?

Write your thoughts here:

Example Cash Flow: John & Jane

Inflation Rate: Social Security Increase	3.00% 2%							
	Age	After-Tax Income Needs	After-Tax Earned Income	Pension - John	Pension - Jane	Social Security - John	Social Security - Jane	Withdrawals Needed From Investment Portfolio
Year 1	60/63	$72,000	$60,000	$0	$0	$0	$0	$12,000
Year 2	61/64	$74,160.00	$60,000	$0	$0	$0	$0	$14,160
Year 3	62/65	$76,384.80	$45,000	$15,000	$0	$0	$0	$16,385
Year 4	63/66	$78,676.34	$15,000	$15,000	$0	$20,000	$0	$28,676
Year 5	64/67	$81,036.63	$15,000	$15,000	$5,000	$20,400	$0	$25,637
Year 6	65/68	$83,467.73	$15,000	$15,000	$5,000	$20,808	$0	$27,660
Year 7	66/69	$85,971.77	$0	$15,000	$5,000	$21,224	$10,612	$34,136
Year 8	67/70	$88,550.92	$0	$15,000	$5,000	$21,649	$10,824	$36,078
Year 9	68/71	$91,207.45	$0	$15,000	$5,000	$22,082	$11,041	$38,085
Year 10	69/72	$93,943.67	$0	$15,000	$5,000	$22,523	$11,262	$40,159
Year 11	70/73	$96,761.98	$0	$15,000	$5,000	$22,974	$11,487	$42,301
Year 12	71/74	$99,664.84	$0	$15,000	$5,000	$23,433	$11,717	$44,515
Year 13	72/75	$102,654.78	$0	$15,000	$5,000	$23,902	$11,951	$46,802
Year 14	73/76	$105,734.43	$0	$15,000	$5,000	$24,380	$12,190	$49,165
Year 15	74/77	$108,906.46	$0	$15,000	$5,000	$24,867	$12,434	$51,605

*This hypothetical example is for illustrative purposes only. Each individual's situation is unique and their situation may vary.

Example Case Study: John & Jane

John and Jane are 60 and 63 years old, respectively. Jane has just retired, but John plans to continue working until age 65 when he is eligible for Medicare.

Based on the calculations they made for their projected retirement expenses, they will need $72,000 in after-tax dollars each year to maintain their desired lifestyle in retirement. They expect this amount to grow at 3% each year due to inflation.

John brings home $60,000 on an after-tax basis. He continues working until mid-way through Year 3 when he is eligible for Medicare. He brings in $30,000 in after-tax income that year. But Jane goes back to work part-time making $15,000 that same year.

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When John retired Jane lost her health insurance through his employer, and she had to go back to work to get employer health insurance until she turns 65 in Year 6 and becomes Medicare eligible.

John's pension of $15,000/year begins in Year 3 when he retires. And Jane has a small pension of $5,000/year that begins in Year 5.

John begins his Social Security benefit the next year at age 66, with a benefit of $20,000. Social Security income is estimated in this case study to increase 2% each year based on cost of living adjustments.

Jane begins her spousal benefit under Social Security when she is 66 in Year 7. She can collect her own benefit or half of John's benefit, whichever is greater. In this case she will collect half of John's benefit ($21,224).

Now notice the column titled "Withdrawals Needed From Investment Portfolio." Withdrawals from their portfolio are how they will fill in the gap between their Social Security, Pension, and any other income sources to reach their desired level of income ($72,000 in Year 1).

Need help planning for retirement?

Just reach out!

Take advantage of a complimentary 20 minute 'Retirement Readiness' phone consultation.

Call: (731) 203-2333 or
email: Chris@RetirementPlanningMadeEasy.com

To Set Up an Appointement!

ABOUT CHRIS:

Chris Hammond is a fee-based financial advisor at Hammond Wealth Advisory in Savannah, TN. He is required to act as a fiduciary for his clients, which means he must put their best interests first.

You may have seen Chris featured in CNBC, Forbes, The Simple Dollar, Business Insider, and others.

When Chris is not working he enjoys spending time with his wife Julia and their 5 children, which involves a lot of transporting people around to the soccer field and music lessons to say the least.

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