Hendershott
WEALTH MANAGEMENT

# How Close Am I To **Retirement?**

The idea of retirement can feel like a big threshold in life - a starting line for what you want to savor and celebrate for the rest of your life. It's not about how close you are to retirement as much as answering the real questions in the back of your mind:

- How soon until I can walk away from this company (or business) with confidence and peace?
- How soon until we can take that trip we've been talking about for years and do whatever we want?
- What do I need to do now to make sure we can be there for our loved ones without the cloud of client projects, unanswered emails, and other details hanging over my head?
- How many more years do I need to save to know we're going to have enough money to live the life I have designed and imagined?

*You've come to the right place - this is where our team of advisors are here for you.*

We work with women investors and the people they love - someone just like you - to ensure you have the best possible chance to meet your financial and life goals.

# **Your Retirement Date** May Be the Most Important Day of Your Financial Life

## *Back to the million-dollar-plus question, how long will it be until you can retire?*

This is a question you likely have been working and saving toward for decades. Maybe not since you turned 20, but we'll say at least a few years.

The good news is you're not alone. Many people suddenly realize when they get five or ten years away from their desired retirement date that they don't know if their math is precise enough. That may be the case for you as well. Maybe you're not sure what the numbers need to say or maybe you're wanting to make extra sure you have the right data to support your goals.

How do you know you have the right investment selection, account balances, or protections in place to be successful?

Well, it's complicated. And that's where we enter the picture.

The day you retire is probably the most important day in your entire financial life! On that day, you are betting - with everything you've got - that your money will outlive YOU.

This momentous moment deserves, at least, an outside expertise - so you can know that you know.

# When Can I Retire? = Your Annual Spending Number

Good financial planning takes into account your savings rate, your investment returns, your account balances, and the home where you live.

**Comprehensive wealth management**, which is what we offer, takes into account several additional key details, including the following and more:

- Your desired income in retirement…
- Your savings rate…
- The various types of insurance you own (or need to purchase)…
- How much money you need to pay your bills…
- How much money you want to spend to live the life you love…
- The loved ones or organizations you want to support now and after you are gone…
- And of course, your tax liability

To know how close you are to retirement, the most important number in financial planning is your Annual Spending Number or ASN, for short.

This is the number that you need to draw from your investment portfolio every year if you were to pay your bills and 'live life a little'.

To know your Annual Spending Number (ASN), subtract your gross household income from your actual savings number and that gives you your initial spending number. However, you will need to account for taxes, which you'll continue to pay in retirement.

When you retire, you have to replace your earned income with income from your retirement assets. This includes income from your nest egg, Social Security, business income, and any pensions.

If you spend the target number from your nest egg each year, while giving yourself the occasional 'raise' for inflation, you will likely be on a good track. If we do our work right, at that same spending rate, you will still have the same nest egg size or larger than when you began. The difference is you simply spend the earnings.

# Affording Life With Your **Nest Egg**

What can your nest egg afford to pay you? Start with taking stock (pun intended) of your financial assets. This is a fairly straight-forward process.

First, start with your savings. This is the sum of 401(k) accounts, 457 accounts, 403b accounts, IRAs, Roth IRAs, and taxable accounts that are either Individual or Community Property.

Of course, the types of investments you own in those accounts matter. We recommend a globally diversified low-cost investment portfolio built to take advantage of Nobel prize-winning research, specifically the data we trust when building our client portfolios.

Again, it doesn't matter how many accounts you have, it matters what the money in those accounts can do for you.

Our team can help you do the math of what you need versus what you have.

If you still need to save a little more, we may recommend you work a few more years, if you can't or don't want to work a few more years, maybe you'll have to spend a little less to reach the right ASN for the rest of your life.

One option you may want to consider to reach your ideal ASN is selling a house in a high-cost-list area of living and buying an equitable home in a low-cost area. Again, that's only one idea and we have many others you can consider.

This brings us to the key question about Uncle Sam. Yes, even in retirement, the government will want a slice of your hard-earned money. How do we help right-size your tax liability for your retirement?

You pay taxes on money you earn in some of your investment accounts, and you are taxed on distributions from your retirement accounts. Our team can work closely with you to minimize the taxes you pay.

## How We're Positioned to **Best Help You Reach Your Retirement**

We believe in offering white glove service, and we designed our entire firm around providing an extraordinary client experience for someone just like you. You deserve the right answers in a timely manner, which is why we have a dedicated team ready to answer your emails with efficiency.

Your opportunity is to experience financial freedom and enjoy your golden years. Our responsibility is to be here for you and help keep you on track. That's why you're reading this - you want to know you're headed in the right direction.

We designed this calculator, as it were, as a high-level introduction to our team and how we can serve you.

We could list all of the different services and expertise we provide here, but that's not how the best relationships begin. They often start with a simple conversation, a great listening ear, and a chance to see what's possible in the future.

*Want to see what we can do together? The first step is scheduling a call to talk more. Follow this link to tell us a little more about yourself and we'll go from there.*

SCHEDULE A CALL

*To your prosperity,*

**Your Hendershott Team of Fiduciary Financial Advisors**