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# ADVISOR

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# Retirement Planning:

## Putting it all Together

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yhb Wealth Advisors

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# Retirement Planning:
## Putting it all Together

Finding the right support, tools and strategies to shape a retirement plan can feel daunting for many people. However, putting those pieces together is critical if your goal is to work toward a more secure future.

Fortunately, people at every life stage can tap a number of resources for help:

**1. Figure out Your Income Needs**
Often there are significant gaps between expectations and reality when it comes to the amount of monthly income retirees will need in their golden years. Some people are unsure of how much money they will need in retirement, or which resources can help them meet their monthly income goals.

In fact, in a study done by the Financial Planning Association, nearly half (49 percent) of respondents said they believe their retirement plan's No. 1 goal should be projecting the need for a specific monthly income in retirement, yet 41 percent are unsure if their current plan provides such information. Understanding and taking full advantage of their plan features is a key first step toward building savings that can help them achieve a successful retirement.
Survey respondents also underestimate how much money they will need when they retire. Sixty-three percent of Americans who aren't retired estimate they will need less than 70 percent of their current income to live comfortably. However, most experts recommend replacing 75 to 100 percent of their current income in retirement.

**2. Don't Wait To Tap Financial Advice**
Those nearing retirement can certainly benefit from professional financial advice: 61 percent of those surveyed who have received professional planning advice feel confident about their financial situation, compared to 37 percent of people who haven't sought professional assistance. But, many do not realize it's within reach: 35 percent of respondents who said they have not worked with a professional financial advisor cite the reason as they don't think they have enough money.

Even more — 49 percent — believe they need more than $100,000 in savings to justify meeting with an advisor. Though some advisors may have account size minimums, there is no minimum amount of savings required for individuals seeking personal support with their financial plan.

Notably, some workplace plans offer financial advice at no additional cost — a service one-third of Americans would like to have as an employee benefit. In fact, the prospect of financial advice at no additional cost was the most popular among various free perks an employer could offer — more popular than on-site medical care and free lunch prepared by an on-site chef.

### 3. Lifelong Happiness Starts With a Good Plan

Getting an early start on retirement planning can make a big difference: Among retirees, those who began preparing before age 30 were more likely to retire before age 60. The majority (97 percent) of those early planners who were surveyed said they are satisfied with their retirement.

Developing a plan for the future with a spouse or partner also can help individuals retire with ease: 85 percent who had an easy transition to retirement shared a common vision with their partner.

In addition to thinking about financial goals, it is useful for people making the transition to retirement to talk to family and friends about how they want to spend their time, as well as their interest in travel and charitable donations. A significant portion (75 percent) of retirees reported spending most of their time pursuing personal interests or hobbies, which can be a significant emotional transition.

### Putting It All Together: Start with a Plan

In the survey, 93 percent of current retirees that had a financial plan in place prior to their retirement reported being satisfied with their lifestyle. It is important to partner with a financial planner early in the retirement planning journey. Ideally the plan should be developed within 5 years of the impending retirement, and updated annually to reflect any changes to the financial situation or future goals. Also, many employers are committed to helping employees achieve their retirement goals — and have added features some employees may not know about, including financial education to help them better envision their future retirement and the steps they can take to set themselves up for success.

RANDY BEEMAN

# 2021 MARKET COMMENTARY

The broad equity market turned in a solid performance in 2021 despite the ongoing waves and new variants of the COVID-19 pandemic, historically high inflation, supply chain disruptions, and political uncertainty. U.S. stocks finished the year by hitting fresh record highs, posting their third consecutive year of solid gains thanks to a strong economic rebound that helped the market weather the challenges faced throughout the year.

The U.S. economy has been extremely resilient in the face of the challenges posed by shutdowns and limitations on business operations resulting from the government's effort to combat the spread of COVID-19. The labor market recovery has been particularly notable. The U.S. has added 18.5 million nonfarm jobs since April 2020 and the number of people filing for unemployment claims recently reached a 52-year low. Dynamics have also swung in favor of employees over their employers and many working in consumer facing jobs, especially in the service industries, have been emboldened to quit their jobs at unprecedented rates or demand higher wages.

Another significant factor driving the equity market performance in 2021 has been the actions of the Federal Reserve. Throughout 2021, the Federal Reserve kept interest rates near zero and continued pumping billions of dollars into markets each month—measures that encouraged investors to seek out higher-returning assets, like stocks, but also contributed to higher inflation.

As we leave 2021 behind, some of the forces that propelled the equity markets to new highs may become signs of concern for 2022. Will consumer demand continue at the same torrid pace? Will current elevated levels of

inflation taper as we progress into the year? Or will it persist or even rise further? And will the seemingly never ending and constantly changing COVID-19 related restrictions hamper economic growth?

Perhaps the most important question for 2022 is what impact the reversing of monetary support from the Federal Reserve, in the form of historically low rates and regular liquidity injections, will have in the New Year. The Federal Reserve has announced plans to end its monthly bond-buying program by March 2022, and policymakers have indicated plans to increase the federal funds rate (i.e., interest rates) at least three times in 2022 to temper inflation.

As the Federal Reserve withdraws its support, investors will once again be required to focus more on whether the fundamentals that drive stock prices—the pace of economic growth and corporate earnings—can support another year of solid gains.

We will be discussing these potential risk factors, as well as other concerns (rich valuation, market concentration, etc.) as well as pointing out some sectors and strategies where we see some value and opportunity for growth in our annual Market Outlook Seminar that will be held on Wednesday, February 9th at 11:30 am. It will be a virtual event again this year and you can register to view it live on our website at www.yhbwealth.com/rsvp.

RANDY BEEMAN

# Five Common Misconceptions About Retirement

**Here are five common misconceptions about retirement:**

1. Retirement is like a 30-year vacation. A life full of leisure must be great, right? Not really. Too much free time leaves many retirees feeling depressed and unimportant. Studies show that people who keep working after 65 tend to be happier whether or not they do so by choice.

Among all, voluntary part-time workers are the happiest. While money is the main reason for continuing to work in retirement, stimulation and satisfaction are just as important.

2. Money is most important to happiness in retirement. The biggest key to a happy retirement is good health. If you have financial security, you have enough. Money only correlates with happiness up to a certain point. You can still enjoy a happy and fulfilling retirement even if you are not a millionaire.

3. Spending is consistent in retirement. People generally spend less in retirement, but that's not always the case. Many spend the first few years traveling, and as years go by, the number of trips decreases while health care and family costs increase.

Many estimates suggest a couple needs $250,000 to cover medical expenses throughout retirement. Although health-care costs are retirees' biggest concern, few spend much time planning for that.

4. Retirement is a "couples" thing. Married couples face a new adjustment when entering retirement. One in three couples doesn't agree on the ideal lifestyle they want to have in retirement. You need to be aware that your partner has his or her own needs and alone time.

Also, women have a life expectancy six years longer than men. Actually, 60% of American women over 65 are single, widowed or divorced, according to the Census Bureau.

5. Financial planning stops at retirement. You still have many issues that need to deal with during retirement. You need to continue planning of your investments to make sure that your money can last as long as you do. You may have estate concerns and health issues that require long-term care.

Retirement is not what you retire from, but what you retire to. Just because you reach a certain age, it does not mean you have to stop working. And to stop working does not mean you stop planning for your life.

When you plan for retirement, an exciting new phase of life, double-check your expectations. They may not match the reality.

Baby boomers, currently in their 50s and 60s, view retirement differently than the previous generations. Many boomers consider retirement as an opportunity to begin a new career, hobby or passion, which is a good thing. But the upcoming retirees may not take everything into account.

# 2022
# Market Outlook

## February 9, 2022 | 11:30am | Webinar

Whether you manage your own portfolio, or have a professional money manager, you will want to attend this informative seminar to increase your investment knowledge and ensure your portfolio is properly positioned to take advantage of future market opportunities, while also minimizing risk.

We will take an in-depth look at the historical and current market situation both domestically as well as globally, and help attendees position their portfolio to minimize risk and profit from specific areas of opportunity. More than just sharing charts, trends and macro-economic data, the speaker will discuss the drivers behind market movements, point out specific risks to understand and highlight interesting types of value opportunities in both income and equities.

Register at YHBwealth.com/RSVP

50 S. Cameron St.
Winchester, VA 22601

# 2022 Market Outlook

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