

How To Prepare For A Financially Secure Retirement? Plant Your “Income Garden”

(NAPSA)—As the Baby Boomer generation begins to retire in record numbers and medical advances allow them to live longer and healthier lives than previous generations, retirement income planning has emerged as a relatively new and largely untested area of financial planning.


For those approaching and entering retirement, The Hartford recommends that they think of themselves as farmers, tending their “retirement income garden” to make the prospect of retirement less scary.

They may not realize it, but for years they have all focused on growing the garden or compiling all of the various assets which can be used to fund their retirement. These include our obvious retirement assets such as 401(k) plans, defined benefit plans and Social Security as well as less obvious ones, such as embedded equity in a home. When retirement comes, it’s important to be very diligent in tending this garden, drawing from multiple sources to finance our retirement lifestyle while continuing to plant new crops when possible.

Three simple steps can help Boomers visualize the retirement income garden and how they might tend it:

• **Tip #1—Plan Your Harvest:** According to the Employee Benefits Research Institute, 69 percent

Visualizing The Retirement Garden

1. Plan your harvest. Calculate what you need for a comfortable retirement.
2. Rotate your crops. Diversify investments.
3. Tend your garden and make age-appropriate adjustments. 

of Americans say that saving for retirement is their number-one goal, yet only 42 percent have actually done a calculation to estimate the cost. Too often people think of a number which, if reached, will assure a comfortable retirement. Is \$1 million enough? Is it too much? This really depends on the withdrawal rate and what kind of crops are planted. It’s important to think about how much will be needed to live on in retirement and what will be needed to produce that income, as opposed to an arbitrary lump sum.

The amount that can be withdrawn from personal savings each year for retirement should also be balanced with other sources of guaranteed retirement income such as Social Security and defined benefit pension plans.

• **Tip #2—Rotate Your Crops:** Many people seem to understand the concept of diversification for growth, but how many under-

stand diversification for income? A successful garden typically has a variety of crops and it’s not necessary to rely on just one or two. A retirement income should come from multiple sources, such as a 401(k), IRA, Social Security, pension plans and even equity from a house. Diversifying income stream at retirement can protect a retirement paycheck should any one income source fall on hard times.

• **Tip #3—Tend, Tend, Tend:** Like a well-tended garden, the retirement income portfolio should be fertilized and weeded on a regular basis. As people age and their needs change, there may be a need to transition into new products, such as guaranteed income annuities or longevity insurance, to help offset the risk of running out of money in retirement.

And similar to a retirement plan, a retirement income plan should be monitored on a regular basis to assess progress and make any changes as needed.

In summary, when approaching retirement, thinking like a farmer can help build and maintain a successful retirement income plan. And, by all means, don’t go it alone. Seek the help of a qualified financial professional. You should also do your own research. Web sites such as The Hartford Investor (www.hartfordinvestor.com) have great retirement calculators and educational tools.



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