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Retirement Planning Can Lead to Tough Choices

Every once in a while I hear something that really annoys me. Generally the person says something like “I’ll never be able to retire” or they say they are self-employed, gross over six figures but have no money left over to invest for retirement. I generally hear these statements from people just after they find out what I do for a living. What bothers me is the statements are said so definitively and yet it is obvious that the person really does want to retire someday but seems to feel it is just too difficult a goal to achieve and therefore they aren’t even going to bother trying to figure out a way to make it possible.

As my clients know from working with me, anything is possible if it is important enough to them. Dreams are definitely allowed and financial planning is a process that helps you achieve your goals and dreams. Yes, it can sometimes be hard work and it may mean making sacrifices but if your goal is sufficiently important, you will try your best to achieve it. By choosing not to work on a retirement goal for example, chances are you really won’t be able to retire or at least not retire in the way you hope to. But, why not at least try and see if you can achieve your goal?

Every day we have choices to make. Some choices are easy to understand and see -- should I have cereal or eggs for breakfast? Other choices are more difficult to see sometimes – should I spend \$1,000 on a vacation or invest it for retirement? If you don’t see that you have a choice and go ahead and spend what you have, then you are subconsciously making a choice to have fun now at the expense of possibly having fun later. I agree that immediate gratification is hard to overcome but somehow you will want to keep your focus on the bigger picture and the long term plan. If it is sufficiently important to you, you will do so. If you are not worried about what tomorrow may bring, then go ahead and have fun but don’t complain that you will never be able to retire because you are making the choice, consciously or subconsciously, not to retire.

So, okay, maybe you haven’t done anything yet to achieve your retirement goal and feel it is just too overwhelming to even think about. But, that doesn’t mean you can’t start today and take it slow so that it is manageable and controllable. The retirement savings plan doesn’t necessarily mean you have to make huge lifestyle changes unless you choose to do so. Even making small changes in your lifestyle now should mean you have more flexibility later. Maybe the ideal goal is that you want to spend \$75,000 a year in retirement but you are now 55 years old and haven’t put aside even a dime yet for retirement. So, okay, you probably can’t retire at 60 and spend \$75,000 a year. But, why not figure out what is an

achievable goal and work towards that goal rather than flat out stating you will never be able to retire? Maybe you work until 65 or 70 or even 75. Maybe you work part time during retirement doing something you enjoy to give you a bit more income. Maybe you choose to make do with less income each year in retirement so that you can retire earlier rather than later. The point is you have lots of choices. You just need to understand your choices and therefore, what it will take to achieve your goal.

Once you've looked at a couple different alternatives, you will want to determine which is the most appealing in terms of balancing future needs with today's desires. This will help answer the question of how much should you put aside each year for retirement and where should it be invested. Then, you can work on where the extra savings is going to come from. And, if you are going to cut back somewhat on other expenses what does the new spending plan look like? I'll be the first to admit that it isn't easy and it will take some diligent work. Remember that it doesn't necessary mean a complete change in your current lifestyle but it could mean some small changes. For example, maybe you choose to go out to dinner twice a month, rather than four times a month. Maybe you take a big vacation every couple of years rather than every year. But, if having some income during your retirement years is important to you then, in the long run it should be worth the hard work and a bit of sacrifice now.

So, if you are someone who wants to retire but hasn't yet started saving because you think it is impossible, just remember that even though it can be hard work, the long term payoff should be rewarding. Only you have the choice to change your future.