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Retirement In Sight

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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QUOTE OF THE MONTH

"To know oneself is to study oneself in action with another person."

BRUCE LEE

RETIRING WITH A CASH RESERVE

Many people want to enter retirement with a) investments that may have benefited from years of growth and compounding, b) a manageable debt position, and c) a cash reserve for emergencies. Just how large should that cash reserve be? There is no simple answer to that question because the answer is different for each retiree.

As pre-retirees save and invest, in pursuit of their retirement objectives, they are commonly encouraged to create a portfolio and accept some market risk. After all, keeping too much money out of the financial markets could carry an opportunity cost (lost yields, lost tax benefits). Retirees, however, may wish to maintain a cash reserve to deal with the unexpected. A health emergency may come with significant out-of-pocket costs. An air conditioner or water heater may break down, a storm may damage a roof or cause flooding – and a retiree household may face sudden home repair costs. In these situations, monthly cashflow may be disrupted and having a cash reserve can certainly help.[1]

THE MEANING OF "RETIREMENT"

Americans across different age groups seem to share a common vision of what their retirements will be like, a new whitepaper from the Transamerica Center for Retirement Studies suggests.

The Center surveyed baby boomers, Gen Xers, and millennials to assess their feelings and perceptions about their futures. All three generations saw retirement as a period of increased free time, yet 55% of all respondents felt their retirements would include some work. The top nouns and adjectives associated with retirement were "freedom," "stress-free," and "enjoyment." Some of the findings are definitely intriguing. Just 39% of millennials indicated they were worried about the future of Social Security, compared to 49% of boomers and 48% of Gen Xers. Only 40% of all respondents indicated that they were prioritizing keeping their job skills up to date, a factor which could help them continue their careers longer. While 74% were concerned about maintaining their health in retirement, just 22% said that they took their long-range health into account when making lifestyle decisions.[2]

ON THE *BRIGHT SIDE*

Eighty-two percent of the retirees surveyed for the 2019 edition of the Employee Benefit Research Institute's (EBRI) annual *Retirement Confidence Survey* said that they felt confident they had enough savings to live comfortably for the rest of their lives.[3]

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CITATIONS.
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2 - foxbusiness.com/personal-finance/retirement-baby-boomers-gen-x-millennials [5/3/19]
3 - ebri.org/docs/default-source/rcs/2019-rcs/2019-rcs-short-report.pdf?sfvrsn=85543f2f_4 [6/18/18]