



GRINKMEYER
LEONARD FINANCIAL

Communication Corner Newsletter - July 2014

Potential Retirement Pitfalls

You've worked hard, you've watched your pennies and now you're ready to retire. Before you bid goodbye to your day-to-day routine, make take a moment to make sure that you don't make these potential mistakes that could derail what you've worked so hard to achieve.

Hey There Big Spender

After working hard and watching every expense, retirees may have the desire to retire and make that big ticket purchase that they have been dreaming about for years. However, before you go out and buy the boat or camper of your dreams, stop and think about what this nonessential item will really cost you in the long run. First of all, the most expensive dollar that you will ever take out of your retirement account is the first one because you immediately forgo all future potential earnings on that money. Additionally, new purchases come with new expenses such as higher utility bills for a larger house and gas and depreciation costs for boats and campers. Finally be mindful of the fact that although your retirement account may be the single largest account that you own that money is designed to last you for the remainder of your life and removing large sums of money initially can limit the amount of time that the account will last.

Budgets Beware

Popular thought is that once you retire you will need 75% - 85% of your pre-retirement income. However, some individuals find that once they retire and have much more free time on their hands, their discretionary spending greatly increases and therefore their monthly expenses equal or eclipse what they were prior to retirement. Also, it can be a big mistake to not account for inflation. Inflation historically has tracked around 3 1/2% annually and when you compound this amount over the life of your retirement, it can quickly diminish your retirement balance. Lastly, many retirees fail to develop a distribution strategy. Without a specific distribution plan it may be difficult to manage the amount of money that is being withdrawn from your retirement account annually.

Now What?

With so much focus on making a financial retirement plan, many retirees overlook making an emotional retirement plan. To clarify, some find that making a dramatic lifestyle change such as going from working full time to being fully retired to be very stressful and potentially depressing. New retirees are left trying to determine what to do with all of the newly found free time that they now have on their hands. Therefore, we would also recommend that you put a personal plan in place to compliment your financial plan for your future.

Want to Assistance with Making Life's Difficult Financial Decisions?

As the Financial Advisors who help represent the participants in your company's retirement plan, we're here to help start or enhance your road to retirement! If you'd like to learn more about how Grinkmeyer Leonard Financial can help you, contact us today or visit us online at www.grinkmeyerleonard.com.



GRINKMEYER
LEONARD FINANCIAL

1950 Stonegate Drive / Suite 275 / Birmingham, AL 35242
Office 205.970.9088 / Toll Free 866.695.5162 / www.grinkmeyerleonard.com

Trent Grinkmeyer, Valerie Leonard and Jamie Kertis are Registered Representatives and Investment Adviser Representatives with/and offer securities and advisory services through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products or services offered by Grinkmeyer Leonard Financial are separate and unrelated to Commonwealth. This material is intended for informational purposes only and should not be construed as legal advice and is not intended to replace the advice of a qualified attorney, tax adviser, investment professional or insurance agent.