



Investment Insights

Kevin Kennedy

Tips For The Newly Retired

Retirement is touted as the beginning of a low-stress way of life, the entry into your “golden years”. This may be true for those comfortably ensconced in the simple rhythms of an idyllic routine, but the actual act of retiring can be daunting and challenging to anyone. From a financial standpoint, retirement raises many serious and important questions that are critical to your ability to live the rest of your life on your terms. Here are a couple of tips on what you can do to speed your entry into the relaxed lifestyle you seek.

Organize Your Finances

Over your long working career, you have probably done a good job of accumulate wealth (homes, investments, etc.), but if you are like most people, you haven’t had the time to focus on giving yourself a financial “physical” to get a real understanding of your economic position. Chances are, your home has become a substantial asset, especially if you have paid off most or all outstanding loans. You may have multiple investment accounts built up over time at a variety of places, including company retirement accounts, IRA’s, and savings accounts. And you may have a variety of insurance policies taken out during various phases of your life. Now is the time to take inventory of these assets, and get a clear picture of what you have available to sustain your lifestyle for the rest of your life. Gather up all of your files and statements, and sit down (with your spouse!) to draw up a “balance sheet” for your household. This is an important “first step”, and it will make the process of investment, estate, and tax planning much easier for you and your advisors.

Consolidate Your Assets

Retirement is a time to focus on the activities that bring you pleasure, and managing a hodgepodge of investment accounts isn’t most people’s idea of pleasure. It also brings about many inefficiencies and incongruities that can have a negative impact on your ability to support your lifestyle. One of the most common desires new clients express to me in our initial meetings is their need to simplify their finances and make them understandable. Merge your investment and banking accounts so you have better control and a clear picture of your resources. Be sure to talk to your tax advisor and investment advisor about how to achieve this, as you don’t want any unintended tax ramifications when making these moves. Common actions are things like rolling your 401(k) Plan into an IRA, or consolidating bank accounts to a location closer to your home.

Make a Plan

With retirement comes peace of mind, and nothing adds to peace of mind as much as knowing that your financial situation will never be a cause for concern. Armed with an inventory of your wealth, and thoughts on how you can consolidate that wealth, you should pay a visit to a financial planner. The press today is full of stories about individuals who mismanaged their life savings, either by making risky, inappropriate investments, or by living well beyond their means and running out of money. Unfortunately, due to poor decisions, the reality of their “golden years” is much different than what they envisioned. A good financial planner will help you chart a course for success that will give you the confidence and peace of mind to enjoy your retirement years. In my practice, I use techniques like proper portfolio diversification and Monte Carlo forecasting to give clients a thought-out approach to investing and spending that addresses concerns like risk and outliving your assets. Having such a strategy in place as soon as possible will allow you to enjoy the hard-earned fruits of your years of labor.

Address Your Other Needs

Once you’ve tackled the issue of getting your finances on the right path to support you, you should turn to other subjects that are important to you. Matters like funding your grandchildren’s college education, setting up an estate plan, and planning for future health concerns are all vital topics you may want to address. Although these matters may not hold much urgency to you today, by dealing with them now, your mind will be freed of worries and you’ll be able to enjoy your retirement that much more.

Retirement has been called “The American Dream”. By taking the right steps today, you can enjoy a worry-free, relaxing dream of your own.

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