

Reaching Your Long-Term Goals

Managing the components involved in obtaining a secure retirement

provided by Jude Wilson RFC, MBA

In plotting your long-term investment plan for reaching a secure retirement, we take into consideration a myriad of factors. As your financial advisors, our goal is to work closely with you in making sure the component parts of your plan are in place and that your financial habits contribute to the long-term success of your plan. Following are some helpful reminders of how your financial habits will contribute to the outcome of your long-term plan.

Spending vs. saving. Spending on items that you feel you need but could probably live without or simply purchasing items you just can't afford can put a damper on savings rates. While vacations, new cars or expensive home remodeling can seem like necessities, spending less on these luxury purchases in order to save and invest more can make a significant difference in your long-term investment plan. Assess where you might be able to spend a little less to put a little more into your savings and investment plan.

Taking advantage of tax-advantaged savings vehicles. If your employer offers a retirement plan with matching contributions, maximizing the amount you put into the account on a

regular basis can make a big difference in your long-term returns. And if you aren't employed by a company with matching contribution retirement plan, you do have solid options for investing in other tax-advantaged accounts including Roth and SEP IRAs. Taking advantage of these types of vehicles can play an integral part in the success of your long-term plan.

Planning for taxes in retirement. Many people make incorrect assumptions in planning for taxes once they are retired. One common misunderstanding is that once you are retired, you won't need to pay income taxes, yet reality is that unless you are invested in a Roth IRA or a Roth 401(k), your distributions will be taxed as ordinary income. Additionally, many people underestimate the tax bracket they'll find themselves in at retirement. While we can't entirely avoid paying taxes, we can plan appropriately to make sure we can keep as much of our hard earned savings and investments as possible.

Acting sooner rather than later. The sooner you start saving for your retirement or other long-term goals, the sooner you will reach them. Procrastinating building your savings

and investment plan is not something most of us can afford to do. Rather, starting now, and starting small if you have to, is essential toward building your nest egg. Start investing now and/or increase what you already invest on a regular basis. You'll thank yourself later.

Planning for the unexpected. While you may save and invest and be well on your way to a secure retirement, unexpected occurrences can have the power to derail your investment plans if you don't have plans in place for life's "what ifs." For example, unexpected health-care costs or the death of a spouse can derail otherwise well thought out retirement plans.

Making sure you have the right insurance policies in place—from long-term care to health insurance—can safeguard you from losing your hard-earned dollars to unforeseen circumstances.

Diversification and professional guidance.
Maintaining a well-diversified portfolio

over time can be challenging, especially if your money is kept in a few different places. Making decisions such as rolling over your 401(k) or selecting an appropriate IRA can be complicated, especially in regards to making sure your choices are complementary to other investment accounts in terms of diversification and tax planning. Often times, what seems like a sound decision may not actually be the best decision in the context of a larger financial picture. Having professional guidance to help you make decisions that are appropriate to your particular situation can make a big difference.

As your financial advisors, we are here to help make sure you have a long-term investment plan in place and that you've considered all the important components we evaluate in building a plan for you. If we haven't yet discussed your complete financial picture, and/or if your life circumstances are changing, please call us today so we may take the appropriate actions with your financial plan.

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