



TRUST BANK

Simplifying life.

Tips from Your Financial Coach

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Planning for Retirement at Every Stage of Life

Most financial planners agree that Americans are not saving enough for retirement. Why do we need to save more? Social Security alone will not be enough and pension plans that pay lifetime benefits are becoming a thing of the past. This means that each of us is solely responsible to save for our own retirement. Unfortunately, when “life happens” many of us will become side-tracked. Fortunately, the Financial Planning Association has prepared a simple, easy to follow guide to help direct us through the various stages of life, regardless of our age.

20's to 30's: Get Started

At this stage of life, your most valuable asset is time. Small contributions can compound into significant retirement savings during the next 30-40 years. The key is to get started now!

- Save 10-15% of income into retirement plans.
- Build your budget around savings goals, not the other way around.
- Maximize matching contributions from your employer.
- Invest as aggressively as you are comfortable. Keep in mind that you will not need these assets for 30-40 years, so don't sweat a downturn in the market.
- Don't cash out of your retirement plans. If you change jobs, roll your plan to an IRA.

30's to 40's: Work on It

At this stage in life, it can become easy to get derailed from your plan. It is critical to stick with it!

- Continue saving 10-15% of income, despite other expenses.
- If you must choose between saving for retirement and saving for college, save for retirement first. Your children can always apply for scholarships or loans.
- Have adequate life insurance, disability insurance and health insurance.
- Establish an emergency fund of 3-6 months expenses.
- Continue to invest as aggressively as you are comfortable. Avoid being too conservative. Remember, you still have 20-30 years before you need these assets.
- Avoid tapping into retirement accounts to fund things like a down payment on a home or to pay for college expenses.
- Remember, you do not have to do it alone. Consider hiring a financial planner.



Simplifying life.

50's to 60's: The Home Stretch

This is your last opportunity to get serious about building your nest-egg for retirement.

- Consider increasing retirement savings to 20% of income, up to the maximum contribution allowed.
- Take advantage of catch-up provisions.
- Begin shifting into a more cautious investment strategy, but do not become too conservative. Keep some equity exposure in your portfolio to provide a hedge against inflation.
- Start focusing on your retirement lifestyle.
 - Consider how you want to spend your time in retirement.
 - Calculate what your dream will cost.
 - Share your dream with your spouse.
- Calculate realistic retirement resources.
- Work with a financial planner to determine whether or not your plan is on track. If not, the planner can help guide you through various options.

Retired at Last!

Retirement planning does not end once you retire. It is important to continue to work with a financial planner to:

- Determine how much money to withdraw each year.
- Determine which accounts to withdraw from.
- Manage your overall asset allocation strategy throughout retirement.
- Position your portfolio to provide a hedge against inflation.
- Maintain adequate cash reserves.
- Keep your estate plan up-to-date.

Need help planning for your stage of life?

Call Tri-Star today for more information on how to get your customized plan.