

A Financial Action Plan for the Future

In 1955, the life expectancy of the average American was 69.6 years. By 1995, it was 75.8 years. Fifteen years later, life expectancy reached a new high of 78.7 years, according to the latest information from the Centers for Disease Control and Prevention. While certainly positive, these statistics may only add to the pressure many people already feel about their lack of retirement savings.

Unless you are among the fortunate few who can count on receiving a generous pension, you'll want to start preparing for life without a regular paycheck well in advance of your retirement date. Even if you intend to continue working indefinitely, you still should be ready for the possibility that ill health or other unexpected circumstances could force you into retirement.

Social Security — A Safety Net, Not a Solution

People do get by on Social Security, but not comfortably. The *average* retirement benefit is \$1,294 a month (\$15,528 a year) for individuals. The *maximum* benefit for a worker retiring at full retirement age is \$2,642 a month (\$31,704 a year). Clearly, Social Security benefits standing alone are enough to support only a modest retirement lifestyle.

Home Equity — Your Ace in the Hole?

After years of mortgage payments and price appreciation, many people have substantial equity in their homes by the time they retire. What about using home equity to help finance your retirement? It's a possibility, but to get your hands on that cash, you'll either have to borrow against the equity or sell your home.

Taking on additional debt just before retirement usually isn't smart. While you'd receive some quick cash, the loan would have to be repaid. And selling would involve moving. Is that something you'd be willing to do? If selling seems like a viable option, be sure to gauge how much equity you're likely to have left over after you get a new place. It may be less than you think.

Your Action Plan

There's really no way around it. Bottom line, saving and investing are critical to retirement planning. Sitting down with us to discuss your financial situation could be what it takes to get your retirement planning in gear.