Brave Conversations on Personal Retirement

Spending

Expense Management: Work Longer, Reduce Spending, Downsize Housing

Making It Work: Four scenarios of wealth needed to sustain $105,000 of pre-retirement income.

Retirement scenario:	Wealth needed at time of retirement:
Retire at age 62	$1,195,318
Retire at 66	$910,116
Retire at 66 and reduce non-housing expenses by 20%	$655,841
Retire at 66, reduce expenses by 20%, plus reduce housing expense by 20%	$459,501

Source: Bajtelsmit, Rappaport & Foster, Improving Retirement Outcomes: Timing, Phasing and Benefit Claiming Choices, Society of Actuaries, October 2013.

Assumptions:

Assumes a married couple, both age 62 at the outset of the simulation, have 75th percentile household income ($105,000) and non-housing wealth ($250,000). They desire to maintain their standard of living in retirement and are assumed to be allocating their spending consistently with the averages in the Current Population Survey spending patterns. In the base case, they are assumed to retire at 62 and fund their spending needs from Social Security and their accumulated investment wealth. Projection assumes 90% confidence in results.

Why Should You Care?

The reality is retirees find a way to get by, but preparation has the potential to make retirement better than just getting by.

Keeping your standard of living in retirement requires evaluating all your expense-reduction options.

What's the Good News?

> Three potential solutions for financially constrained retirees who want to make savings and wealth last longer:

1. Delay retirement.
2. Reduce expenses.
3. Access wealth from your home.

Take Action! ▸▸▸

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Balance beam
Set realistic goals both for your desired retirement lifestyle and ability to save. Balance your needs today with needs you will have to meet in retirement.

Save and invest to meet those goals
Saving even a little more may allow you to achieve *Your* 30.

Delay retirement
Working a bit longer not only reduces your reliance on savings while you are working, but may increase future Social Security and pension payments.

Just do it
If you are in retirement, develop a budget and stick to it. If you are struggling to make ends meet, seek the help of a financial professional.

This concept is an excerpt from the *Brave Conversations on Personal Retirement* book. Financial advisors can obtain a copy of the book by speaking with their BNY Mellon Dreyfus Regional Sales Consultant.

It's *Your* 30

Because many investors will spend around 30 years in retirement, now is the time for you and your financial professional to plan for your future. This will be the time when pressures and responsibilities that once filled your days will diminish and you'll have more time to focus on you.

We believe
To achieve the retirement you desire, first **target an outcome** and then work with your financial advisor to **develop a financial plan.** Discuss the four interconnected financial behaviors — earning, spending, investing and insuring — because they will greatly impact your plan.

This information is general in nature and not intended to constitute tax or estate-planning advice. Please consult your tax or estate-planning advisor for more detailed information on these issues and advice on your specific situation.

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