

## Planning for retirement, don't be swayed by market ups and downs



**Q:** There's a lot in the news right now about the longest bull market in history. It's worrying me because I'm trying to figure out what I need to do to get ready for retirement.

**A:** News often makes us want to take action, but effective stock market timing can't be done consistently. Just because a bull market has been in progress for a while, doesn't mean that you'll be able to figure out when markets will turn negative.

The common definition of a bull market is a period that starts at the bottom of the previous bear market to the new high without having a 20% correction. This random event shouldn't influence you; the best thing for you to do is make a plan based on your own personal goals.

Choose your retirement date and the place where you want to wake up every morning. Decide if you're in the right community. Many retirees want to downsize or move closer to family. Analyze if your current home fits your desired life style and then factor in the cost of relocating.

Inventory all assets and estimate the cost of keeping them along with the joy of owning them. Decide if that boat provides enough fun or if those real estate investments are

liquid and if managing them is worth your valuable time.

Pull your most recent tax return, estimate taxes on your retirement and pension income based on the new marginal rates.

Review Social Security statements, use the website's online calculator and determine the best time to start taking benefits. Life expectancy, taxes and spousal benefits all need to be considered.

Decide if you're going to change careers, work part-time or go cold turkey; estimate all sources of income and associated taxes.

Review current spending and clarify how much will remain the same. Obviously you won't need all the shirts and shoes, but you're likely to spend more on fitness, health, entertainment and utilities. After all, you're going to have more time to play, enjoy your home and travel. Factor in big expenditures like replacement vehicles, home repairs, family events and gifts.

Compare your estimated income with your spending goals and use an online calculator to help determine whether your retirement date is feasible. If there are any illiquid assets to be sold, start the process early.

Review the investments in your retirement accounts. Determine if they are diversified enough to take withdrawals in bull and bear markets. Asset preservation is likely to be more important than capital appreciation; now may be an appropriate time to become more conservative.

Retirements usually begin with go-go years, often turn into slow-go years, and eventually become no-go years that may include a need for assistance. Develop a strategy to pay for care in your later years.

Timing the longest bull market in history is hard work. It's nearly impossible to figure out two dates - the date to get out of the market and then the date to get back in. If you have been in the market consistently these past nine years, thank your advisor.

Acknowledging that we don't know when the markets will turn reminds me of a favorite saying - we must accept the things we cannot change, change the things we need to change, and have the wisdom to know the difference.

Define goals, start planning early, inventory assets and get rid of stuff that no longer works for your lifestyle. Your beneficiaries don't want it either.

Create your own personal retirement plan, prepare for market volatility, and hope for harmony. That way you can sleep well and more freely enjoy the time of your life.

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