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COROMANDEL WEALTH MANAGEMENT

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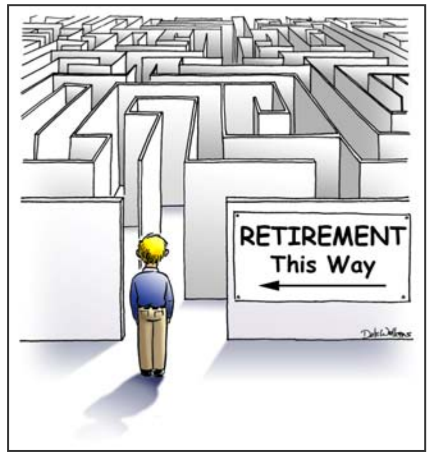
"It's Not Your Father's Retirement"

Navigating the Retirement Maze



Once upon a time, back in our parents' day, retirement planning was a simpler process. You graduated from college, went to work for a company, and remained there for your entire career. When you retired at age 62, you were provided with a pension which, along with monthly Social Security checks and Medicare payments, would presumably finance your retirement years.

However, over the past three decades, something happened on the road to Retirement Nirvana, starting with the introduction of 401(k) plans in 1980. Suddenly, the employer was off the hook for retirement funding, with that task now delegated to the employee. With this new responsibility came a lot of questions (and not many answers): How much should I save each year? Where should I invest it? What will be my retirement income? When *is* my retirement? It was a set of issues about which many members of the previous generation never had to worry, because someone else had been seeing to their retirement financial needs.

Retirement's "New Normal"

So what else is different about retirement for the Baby Boomer generation? It's gotten a lot more complicated for a number of reasons:

- We're living a lot longer.
- An added cost of this longevity – health care – is increasing rapidly.
- The "single employer until retirement" concept has gone the way of the typewriter.
- With US entitlement spending growing and unfunded, the "safety net" is getting a bit frayed.
- A proliferation of investment alternatives complicates the classic "100% minus your age" stock allocation maxim.
- The value of homes, once considered "the retirement nest egg", don't always go up.

Contemplating the alternatives in the face of all of these challenges often produces an "eyes glaze over" response to retirement planning.

Taking Charge

Pretending that your retirement will take care of itself without having a plan in place is like the bug waiting on the highway for an approaching windshield. The good news is that, with the ubiquity of investment and retirement information available nowadays, there is no shortage of ideas on how to plan for your retirement. However, that's also the bad news: Information overload.

What motivated me to write this new monthly column is that planning for a successful retirement needn't be overly time-consuming or anxiety-provoking. Yet it needs to get done. Relying on serendipity to make it through your post-employment years is not a strategy, any more than playing the blackjack tables at Foxwoods is. It's wishful thinking disguised as confidence.

While retirement planning is never "one size fits all", there are a number of core concepts which, properly addressed, can improve the odds that you'll ease into your golden years with fewer anxieties. I'll cover these in subsequent columns.

New Strategies for New Times

These days, it seems as though the only constant really *is* change. Thus, in future columns, I'll address topics where changes are ongoing (tax laws, anyone?), and should be factored into your retirement plan.

Expect to see subjects such as:

- Making sense of Target Date Funds
- Annuities – When do they make sense?
- Are you getting the most out of your 401(k) plan?
- Safe retirement withdrawal rates – How to not outlast your savings
- Behavioral Economics, or "How to Avoid Investing Like a Neanderthal"

Your retirement years should be a time for pursuing life-long interests, not obsessing daily over the Dow Jones Industrial Average. This column can help you lay the groundwork so that even if your Powerball numbers never come up, you can still have confidence in your prospects for a well-funded and less stressful retirement.

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