Registered Investment Advisor Firm

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Retirement Savings Checklist

Whether you are getting close to retirement or still have years to go, you need to periodically check on how your retirement savings strategies are working and you are on a path you are comfortable with. The following are generally accepted best practices for retirement savings.

-Don't choose a retirement date solely based on your age. 70 might be your target, but ill health and market performance could make your goal hard to attain and create the need for retirement savings to last longer. Maybe you wanted to retire at 62, but find yourself short. Consider your age carefully, and don't make a snap judgement about how long your savings will last based on the date on a calendar.

-Don't rely only on stocks. Considering the volatility in the stock market, diversification between stocks, bonds, cash and other assets might not be so risky.

-Carefully consider annuities. If you think an annuity will help your cash flow during retirement, don't make a snap decision about it. Do your research, seek advice from knowledgeable individuals about the type, benefits and drawbacks of annuities, and then decide.

-Track your retirement accounts and other sources during retirement. If you forgot about an employer retirement account or having rolled one over early in your career, that money won't be there to help you when you need it. Track down all your accounts, making sure they have current contact information. You might want to move or consider consolidating accounts.

-Don't invest and forget. While you should enroll in an automatic escalation of contributions, you really need to keep a close eye on what's going on with your retirement savings, as well as your career and your private life. You will regret not making allowances for change in personal circumstances which will result in a lower level of preparation.

-Don't be unrealistic about rates of return. Being overoptimistic over how much the assets in your accounts will grow will not be helpful. Expecting more than the market can provide could land you in a hole that might be hard to recover from. Your assets might do better or worse than a long term average of indexes.

-Customize your asset allocation based on your circumstances. One size does not fit all. Your savings amount and time-frame will be dependent upon your family size, time horizon, employment career and family health history. Conventional wisdom says the younger you are the more risk you can take. But if you are not comfortable with that, or you have other obligations, you'll need to plan accordingly.

-Are there other sources of income during retirement? Make sure you consider the size and timing of the other sources like pensions or Social Security. Don't forget to analyze the timing and the rate of withdrawal to help you decide on the type of assets.

-Does longevity run in your family? This should help you plan on your savings levels to accommodate not just living expenses but also health care expenses. A longer life span will need more assets.

-Are you expecting to need a fairly high level of income in retirement? Factors such as health conditions, family situations or financial legacy will help you calculate your income needs in retirement. Don't forget to review and update your plan.

-Do you already have a sizeable amount for retirement? If so, this makes it easier to prepare and plan for your savings level and work on other needs like emergency savings or charity. This also allows a more conservative investment approach so market meltdowns will not decimate your savings like 2008-2009.

-Will you need savings to pay for pre-retirement goals? Expenses such as college tuition or home care for elderly relatives can make planning more difficult. Natural disasters can make it necessary to draw on savings to survive or rebuild from something like a hurricane, fire, flood or earthquake.

-Do you want to leave a financial legacy for family or charity? The more you want to leave, the more you'll need to plan for both having enough to live on and enough to be left over when you no longer need it. Reviewing the types of investments and how the accounts are structured (including beneficiaries) and are current so that the money goes where you want to at the appropriate time.

-Is your career stable? If you are still working, following a retirement plan and consistently contributing is easier when income is steady and predictable. If that is not the case, you might want to make sure the investments in you accounts can handle irregular contributions by providing consistent growth and do not bring their own volatility and unpredictability to your program.

-Is your allocation up to date? Regardless of your mix of assets, make sure you review and rebalance at least once per year. Anything that can potentially change the level of your savings needs to be taken into account when reviewing. The last thing you want is a volatile market robbing you of gains just when you need to draw on them and need stability.

While you are still working, keep your age and date of retirement in mind. Make sure that the closer you get to retirement, the more you reduce risk.

If you need help or more information on planning, contact Bob Davis at (707) 648-2024.

FED Watch

The December FOMC meeting ended largely as anticipated with a quarter point rate hike, making the third increase in 2017, as the Fed had projected. They anticipate 3 - .25% rate hikes in 2018, March, September and December to stay ahead of any potential overheating of the economy. They will also continue the process of reversing quantitative easing by allowing assets to mature off their balance sheets, rather than re-investing them. They expect to be at $50 Billion quarterly by October 2018

Next meeting:
January 30th and 31st.

Davis Investment Group

Davis Investment Group is a fee-based Registered Investment Advisor firm servicing the needs of clients across the United States.

Davis Investment Group custodies all client assets at Charles Schwab & Co. Davis Investment Group's home office is located at 714 Marin Street, Suite #C, Vallejo, CA 94590. The telephone number is (707) 648-2024.

If you have questions or would like further information on this month's topics or any other financial or investment related subjects, including Social Security claiming strategies, please contact me by phone or through my email address at: bob@davisinvestmentgroup.biz