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RETIREMENT PLAN ADVISORS

THE FUTURE IS BETTER THAN YOU THINK

Eight Mistakes That Can Upend Your Retirement

Avoid these situations as you pursue a comfortable retirement

PURSuing YOUR RETIREMENT DREAMS IS CHALLENGING ENOUGH WITHOUT MAKING SOME COMMON, AND VERY AVOIDABLE, MISTAKES. Here are eight mistakes to steer clear of, if possible.

For more than 30 years, the Employee Benefit Research Institute (EBRI) has conducted the Retirement Confidence Survey, which gauges the views and attitudes of working-age and retired Americans regarding retirement and their preparations for retirement.¹

- 1. NO STRATEGY.** Yes, the biggest mistake is having no strategy at all. Without a strategy, you may have no goals, leaving you no way of knowing how you'll get there – and if you've even arrived. Creating a strategy may increase your potential for success, both before and after retirement.
- 2. FREQUENT TRADING.** Chasing “hot” investments often leads to despair. Create an asset allocation strategy that is properly diversified to reflect your objectives, risk tolerance, and time horizon; then, make adjustments based on changes in your personal situation, not due to market ups and downs. (The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost. Asset allocation and diversification are approaches to help manage investment risk. Asset allocation and diversification do not guarantee against investment loss. Past performance does not guarantee future results.)
- 3. NOT MAXIMIZING TAX-DEFERRED SAVINGS.** Workers have tax-advantaged ways to save for retirement. Not participating in your workplace retirement plan may be a mistake, especially when you're passing up free money in the form of employer-matching contributions. (Distributions from most employer-sponsored retirement plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.)
- 4. PRIORITIZING COLLEGE FUNDING OVER RETIREMENT.** Your kids' college education is important, but you may not want to sacrifice your retirement for it. Remember, you can get loans and grants for college, but you can't for your retirement.
- 5. OVERLOOKING HEALTH CARE COSTS.** If you don't prepare for them, extended care expenses can undermine your financial strategy for retirement.



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6. NOT ADJUSTING YOUR INVESTMENT APPROACH WELL BEFORE RETIREMENT. The last thing your retirement portfolio can afford is a sharp fall in stock prices and a sustained bear market at the moment you're ready to stop working. Consider adjusting your asset allocation in advance of tapping your savings so you're not selling stocks when prices are depressed. (The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost. Asset allocation is an approach to help manage investment risk. Asset allocation does not guarantee against investment loss. Past performance does not guarantee future results.)

7. RETIRING WITH TOO MUCH DEBT. If too much debt is bad when you're making money, it can be especially harmful when you're living in retirement. Consider managing or reducing your debt level before you retire.

8. IT'S NOT ONLY ABOUT MONEY. Above all, a rewarding retirement requires good health. So, maintain a healthy diet, exercise regularly, stay socially involved, and remain intellectually active.

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1. Employee Benefit Research Institute, 2021 Retirement Confidence Survey

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