



Retirement – Can you afford it?

Sourced from AICPA’s *360 Degrees of Financial Literacy*

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The American Institute of CPAs (AICPA) conducted a survey regarding the financial planning habits of American’s. This survey revealed that a significant percentage of the work force:

- 1.) Save little or nothing for retirement.
- 2.) Underestimate how much they will need to live on when they retire.
- 3.) Overestimate the investment return expected on a long-term basis even if they do have investments.
- 4.) Have done little to educate themselves on what to do.
- 5.) Do not have adequate insurance for a death or disability that would disrupt the primary breadwinner’s income stream.

And the list goes on. We cannot assume that everything will somehow work out. Life throws us some curveballs that can affect you and your family in a hurry.

This winter I had a chance to reflect on this after I had a fall that broke bones in my lower leg. I was facing four months on crutches and quickly realized how this event was life-changing. Fortunately for me, I have a “desk” job and I could put my leg up when I needed to. My income was not altered.

But, what if I had a job where I needed to be on my feet, or needed to drive around? (Yes, it was my right leg.) What if this was a long-term injury or I couldn’t go back to work? Something like this can change your future.

Fortunately, there are many resources that everyone can use to get started with a better financial plan or to add to a current financial plan. Subscriptions to financial magazines are helpful and websites of major financial companies, such as Vanguard and Schwab, have all kinds of information.

One website that you will find useful is the AICPA’s hosted site called *360 Degrees of Financial Literacy* (www.360financialliteracy.org). This site has articles and how-tos on topics ranging from annuities to Social Security. It also has planning tools to help with retirement savings, investments, life insurance and frequently asked questions.

I invite you to look through this. It’s free and a great way to get you thinking about your financial future.

Keep in mind...

- A well-diversified portfolio can help balance risk
- The earlier you start investing, the more you can contribute over the course of your working lifetime
- By starting early, your investments will have a longer period of time to compound
- With a longer time frame, you will have a larger choice of investment possibilities

Why save for retirement?

Because people are living longer. According to the U.S. Administration on Aging, in 2002, persons reaching age 65 had an average life expectancy of an additional 18.2 years.* And since Social Security accounts for only 39 percent of total aggregate income for aged persons,** Social Security alone may not be enough to see you through your retirement years.

What to do...

- Assess your risk tolerance
- Determine your investing time frame
- Determine the amount of money you can invest
- Choose investments that are appropriate for your risk tolerance and time horizon
- Seek professional management, if necessary

*Source: *A Profile of Older Americans: 2004*, U.S. Administration on Aging

**Source: *Income of the Aged Chartbook 2002*, Social Security Administration

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