

Five COMMON FINANCIAL HAZARDS *in* RETIREMENT



NON-PROFIT PROFESSIONAL SERVICES specializes in providing clients with a variety of PROVEN STRATEGIES that affluent families use to address common financial hazards, and help them achieve a high-quality retirement.

1. Tax Risk

Hazard: Taxes can take a big bite out of retirement savings, particularly when withdrawing from traditional retirement accounts.

Solution: Offer a tax-efficient withdrawal strategy, considering Roth conversions, capital gains tax planning, and the timing of Social Security benefits. Help clients take advantage of available tax breaks, and build a diversified portfolio that includes tax-deferred, tax-free, and taxable accounts.

2. Inflation Risk

Hazard: Inflation erodes the purchasing power of money, especially in long retirements.

Solution: Advocate for investments that can outpace inflation, such as equities and real estate. Encourage clients to keep a portion of their portfolio in assets that have historically kept up with or beaten inflation, balancing growth with safety as they approach and enter retirement.

3. Market Risk (Volatility)

Hazard: Market downturns or volatility can significantly impact retirement savings.

Solution: Design a well-diversified investment plan that aligns with the client's risk tolerance and time horizon. As clients near retirement, reduce exposure to high-risk assets, utilizing strategies like dollar-cost averaging, bond ladders, or even cash reserves to manage short-term market volatility.

4. Longevity Risk (Outliving their savings)

Hazard: People are living longer, which means their savings must last longer.

Solution: Help clients create a diversified retirement income plan, incorporating guaranteed income sources like annuities, pensions, and Social Security. Emphasize the importance of disciplined saving, as well as strategies to withdraw their assets in a tax-efficient manner over time.

5. Healthcare and Long-term Care Costs

Hazard: Rising healthcare costs, particularly for long-term care, can drain savings.

Solution: Develop a strategy that addresses healthcare expenses through insurance products like long-term care insurance or hybrid life insurance policies that include long-term care riders. Assist clients in setting aside part of their portfolio to cover medical and long-term care needs.



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