



SINGER WEALTH

Keith Singer, JD CFP™

Will your money last as long as you do?

Often when we meet with new clients, their level of financial security is based on the amount of their assets relative to their current income needs. They often figure if they can live off 4% to 5% withdrawals out of their total assets, they can confidently fund the cost of living for the remainder of their lives.

Investors should keep in mind that the last 10 years before retirement are peak earning years. They could add to their savings each year while the stock market was great, and inflation was low. When something works so well and is consistent for so long, people tend to take it for granted.

When the stock market is good, your investments tend to do well; when the economy is on a downtrend, their investments don't do nearly as well. The worst decades tend to follow the best decades and the best decades tend to follow the worst decades.

If that pattern holds, we are due for a bad decade. How would it impact your plan if your investment performance over the next decade is negative?

But the thing a lot of our clients are worried about is inflation. Do you remember 20 years ago when you would hear about some young athlete who signed a \$5 million

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contract and you thought “wow, that is so much money”?

People who were retiring with \$1 million were considered extremely well off.

Today that is not a lot.

Your likelihood of not running out of money is based on five factors: 1) The cost of your lifestyle; 2) The returns on your investments; 3) Inflation; 4) Healthcare costs; and 5) Your longevity. Therefore, one of the best ways to avoid running out of money is to create an income plan and update it each year.

This will show how much income you can spend each year without running out of money as well as allow you and your advisor to make appropriate adjustments based on economic conditions and personal circumstances.