

Your Complete Financial Guide



Retire Rich

Your Guide to a Secure Future

We've all thought about what our financial situation may look like once we reach the average retirement age. To properly plan for retirement, you would have to estimate possible future expenses, as well as plan for other sources of income after retirement. Your retirement plan could sometimes depend on future finances, for example, if you get promoted at work.

Why is it important?

Retirement planning can benefit you personally, financially, and even psychologically. Several studies and surveys show this to be true.[1] Here are a few ways you can benefit from planning for your retirement:

1. Planning for retirement reduces your anxiety. When you plan, you will have little reasons to worry. Since planning involves making provisions for unexpected challenges that may arise, if any of these problems come up, you will be able to deal with them.
2. Informed pre-retirement decisions. When you have a plan, whatever decisions or plans you make will be geared towards making your goal a reality. Doing this will eliminate any spontaneous or poorly thought-out choices. You will also find it easy to make plans that work well with people around you who are directly affected by your financial decisions.

3. Planning saves costs. When you plan, you will likely find methods that meet your goals and incur fewer expenses.

Planning also opens you up to certain tax benefits that you could make the most of.

4. Contextualizing financial objectives. A good financial retirement plan helps you see how your goals are connected. Instead of setting and planning for objectives in isolation, you can plan and link goals to one another. For instance, if you plan on starting a business after retirement, and you also plan on leaving an inheritance for your beneficiaries, a retirement plan can help you see how one goal begets the other.

How to plan?

Now you know what financial planning for retirement is, and you have seen how it could be of benefit to you. You want to create your own retirement plan, but you do not know where to start or what to consider in making your plan. Here are some things you should bear in mind.

Set a goal

Your goal is typically the amount you want to have either in savings or in passive income. When setting a goal for your retirement plan, consider;

1. Your timeframe. Your timeframe is the amount of time you have from when you begin planning until you retire. You should consider this and plan with that number in mind.
2. Possible retirement expenses. Ascertain any needs that may come up, and plan such that you will be able to offset your expenses. Remember to plan for more than what you need, to make room for unexpected challenges.
3. Return on Investments after-tax. If you have any running investments, consider the returns on investments after deducting tax, and factor this into your retirement plan.

Start planning early

Planning early gives you time to consider, research, and find income streams that will help you reach your goal on time. It is never too early to plan for retirement. Here are some retirement financial plans that work well with time;

1. **Saving.** The earlier you start saving, the more money you acquire in savings against retirement. Time also grows your savings, especially when you have a fair interest rate.

2. **Investments.** Investments are a great way to earn passive income. When planned properly, you may be able to live off your investment returns. You can also invest in real estate and acquire properties. Leasing or renting out properties is a way to guarantee a steady stream of income.

3. **Government benefits.** In many areas, applying for government benefits associated with retirement has to be done in advance. To do this, you have to research these laws and how they apply to you and plan accordingly. For example, in Canada, you would have to apply for the Canada Pension Plan (CPP) 9 months in advance for you to get your payments on time. You would have to see which laws apply in your region.

Explore other methods of making money

The whole point of financial planning for retirement is affording you time to determine the best way to reach your retirement goals. While you may start your plan with an income plan in mind, keep your mind open for other avenues to make money. Having multiple streams of income is always a good idea, as you will generally make more after-tax.

Also, while planning for retirement, it would be wise to pay off all outstanding debts before retirement. You can also try to make lifestyle changes or adjustments to accommodate your retirement plans. And if you find it difficult to do it alone, you can speak to a professional.

Reference

[\[1\] Effective financial planning for retirement.](#)