



Estimating Your Financial Needs for Retirement

Financial planners who conduct retirement consulting have been pointing out that you can find yourself in trouble when you reach retirement if you're saving without a goal. Many people have been saving for retirement without taking the time to figure out how much they'll need when they eventually retire. How do you know if you're saving enough if you don't know how much you'll need in the future?

There are many factors that one should consider when thinking about this. A great place to start is by identifying how much you're spending now; this can help you figure out how much you'll need for retirement. By figuring this out, you'll at least be able to see where you can start. However, one thing to keep in mind is that your expenses are likely to change after you retire.

Some expenses that may decrease include:

- income taxes,
- mortgage payments (if you downsize),
- utilities,
- expenses regarding children,
- work-related costs, such as commuting expenses, clothing, etc.

Some expenses that could increase include:

- travel and entertainment costs
- health care*

**While joining Medicare could reduce your expenses, there is still a possibility that you could need additional insurance which could lead to an increase in costs.*

Many financial advisors believe that you'll need approximately 80% of your current income in retirement to maintain your current standard of living.

Review Your Income. It's important to assess any income you may receive throughout your retirement, for instance, Social Security, rent from any properties you may own, a pension or other employer sponsored retirement savings plan, or any other recurring income you receive.

After you have calculated your income and subtracted your expenses, you'll be able to identify how much you will need to save by the time you reach retirement.

For more information contact MCF at **retire@mcfadvisors.com** or 859.967.0990

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