

Retirement Planning



MCKAY WEALTH MANAGEMENT

Why Sooner is Always Better than Later

Many people delay planning for retirement because it seems like a daunting task. Because the idea of saving enough money to retirement is so overwhelming, it gets scary, so we deal with it by avoiding it. We tell ourselves that we'll start later and do just fine when we retire. But who are we kidding? Only ourselves.

Here's the dilemma in a nutshell: the increase in health care costs, inflation, and a longer life expectancy are combining to not only make your income needs higher, but you now have to have that income for much longer. If you haven't started saving for retirement yet, you must begin planning for retirement NOW!

Here's What We Don't Know

- How long we will live, although we do know retirement could last 30 years of more
- The impact of inflation upon our nest egg
- What kinds of health issues we will be facing
- Unexpected costs such as home repairs and care maintenance
- How much health insurance and drugs will cost

Here's What we Do Know

- Retirement will be greatest expense of our lifetime
- Social Security was originally designed based on assumption people lived 1-15 years after retirement
- Based on current Social Security statistics, your retirement income will roughly consist of: 55% from your personal savings, 24% from employer-sponsored plans, and just 21% from Social Security
- Anyone planning to rely on Social Security alone could be facing a pay cut of 75% or more in retirement.

Points of Interest:

- SOONER IS BETTER THAN LATER
- WAITING UNTIL LATER
- RETIREMENT PLANNING QUESTIONS
- THE NEW RULES OF RETIREMENT



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What if you ignore the advice?

On the flip side, if you don't get busy and start saving and investing, you may wind up living out your last years in significantly reduced circumstances. The U.S. Bureau of the Census Surveys show that approximately 53 percent of

Americans over age 65 live on less than \$15,000 a year, according to 2002 income data. Most of us don't envision our retirement years near or below the poverty line. And you shouldn't either.

Retirement Planning

WANT
GOLDEN
YEARS THAT
SHINE?
THESE
TOPICS WILL
HELP YOU
PUT ON THE
POLISH.

Retirement Planning Questions

Ask yourself questions like these during your 20's and through your 50's.

When You Are Just Starting Out	Planning the Home Stretch	Now That You're Retired
How much can you begin saving right NOW?	What kind of retirement income do I want?	Is your portfolio set up to last as long as you'd like?
Are you maxing out your employer's plan, such as a 401(k)?	How Much money will I need to make that income?	What's the best tax strategy to generate your tax flow?
How can you still set aside money for retirement when you're facing lots of expenses?	What is it going to take to get me there?	Are you keeping up with inflation and continuing to grow your assets?
		Am I prepared for a long term illness?

The New Rules of Retirement

Companies have evolved a lot over past 50 years. It used to be you worked at a place where employee loyalty and longevity was highly valued. Seniority actually meant something and you got your 30 year watch and a fat pension when you retired.

Today's labor market is more like the old Wild West, where it's everyone for themselves. We used to be able to count on our companies to help us with retirement. Now, we realize it is up to us to be the captains of our retirement ship, so to speak.

The cost of retirement isn't going down any time soon, and we don't expect those new rules to change anytime soon or make our lives any easier.

So, start as soon as you can and keep it up.

Old vs New

Remember the old rules?

- Count on Social Security
- Kick back on lifelong company pensions
- Rocking chair on the porch
- Allowing outside forces decide your retirement future

Well, here are the New Rules:

- Taking control of your retirement finances
- Discovering effective strategies for saving and investing
- Working with 401(k)s, 403(b)s, IRAs

RETIREMENT
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