




## Retirement Planning



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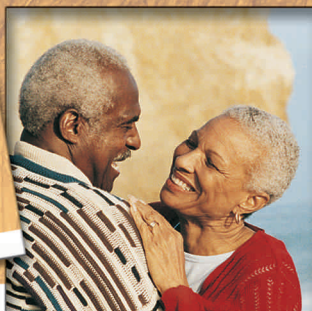


*Actively planning for your retirement can be one of the most important choices you'll ever make.*

Many people underestimate how much money they will need to maintain their lifestyle in their retirement years. Factors such as inflation, a diminishing Social Security system and rising costs of healthcare can all quickly erode our hard-earned savings. With life expectancies increasing, many people spend up to one-third of their lifespan in retirement. This is why it's essential for you take the necessary steps to prepare for these years, and put your investments to work to account for them. Actively planning for your retirement may be one of the most important choices you'll ever make, and it's never too soon to start, or too late to make adjustments. At Harvest Financial, we'd like to help with your retirement planning.

## **The Importance of Starting Early**

While retirement may seem like it's years away, taking advantage of investment opportunities early on in your career could make a substantial difference in how much you accumulate. As you get older, the number of options available to you will decrease. A solid retirement plan will help make sure you capitalize on what is available to you. For example, in your earlier years, you may wish to take on a higher



level of risk with your investments, while you still have time to make up for market downturns. In fact, early in your career, the biggest investment risk is not being invested at all. As you get closer to retirement, however, you'll want to select investments with lower risks.

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Most people underestimate how far traditional sources of retirement income will take them. Over the years, the amount of Social Security paid out to retirees has steadily decreased. Depending on this income as a means to support a lifestyle is not an option for most. Social Security funds should be considered a supplement to retirement income, not a mainstay.

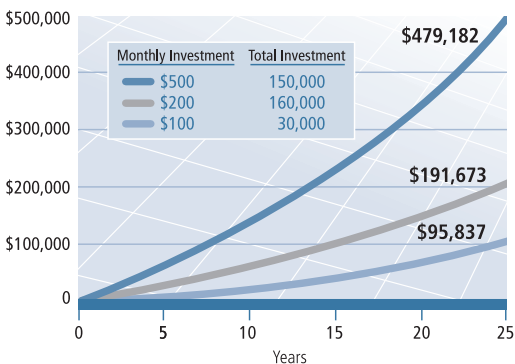
Similarly, while it's essential to take advantage of company-sponsored, tax-advantaged retirement plans, such as 401ks and SEPs, these plans alone still may not be enough. Understanding how your plan works and making sure it's properly invested is an important start. Yet most people will need to

supplement these plans with additional investment strategies to make up the difference between what these plans account for and what they'll really need in retirement. At Harvest Financial, we'd like to help you determine what additional steps are right for you.

## Strategies for Success

While a comfortable retirement is an attainable goal, it does require some in-depth strategic planning, which includes some well thought out lifecycle management. During different stages in your life, it will be important for you to invest different amounts of income into different types of investments in order to make the most of what is available to you. Proper asset allocation - the concept of diversifying your investments between an appropriate mix of stocks, bonds and cash - will play an important role in this task.

Early in your career you have the most powerful advantage on your side: time. While it may seem early to set aside money in your 20s and 30s for retirement, this is when the power of compounding interest can benefit you the most. Investing even a small amount regularly can accumulate into quite a



The figures in this chart are based on a hypothetical 8% annual rate of return and do not reflect the effect taxes. Fees or charges have not been considered, which would not affect these numbers. Generally, retirement vehicles are not subject to tax until withdrawn. Actual results will vary. This is only an example of compounding interest and is not meant to represent the performance of any investment.

large sum.

The chart on the previous page compares various investment amounts and how they add up over the course of 25 years.

As you move into your 30s and 40s and are more likely to be a higher earner, you'll want to start socking away a higher percentage of your earnings. At this time in your life, we'll also help you assess an appropriate balance of how much you should be putting away for retirement versus how much you should be putting away for other important needs, such as home buying or your children's education.

Even if you've missed investing in your earlier years, there are ways to help make up the difference, even into your 50s and 60s. While you'll want to take on less investment risk with your money during these years, building or fine-tuning your retirement plan is critical at this point in your lifecycle. This is the time when it's most important to realistically assess your retirement goals and whether you've planned appropriately to meet them.

Once you've finally reached retirement, it's important to make sure your money not only lasts, but also continues working for you. Contrary to what most people believe, your retirement plan doesn't end when you start retirement. As your financial



consultant, we'll help you determine which parts of your plan should be spent first, and how to allocate the remainder of your dollars.

## Let's Get Started

Taking a realistic look at what you will need throughout your retirement years is an important first exercise that your financial consultant can help you to project. While retirement may seem like a long way away, the earlier you start, the easier it'll be to get there. While only you can make the decision to be prepared for your retirement, Harvest Financial can help you build, maintain and stay on track with a plan to help get you there. Let us help you on your way to a comfortable retirement. Please call us today at 626.768.3000.



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Asset allocation does not guarantee against loss; rather it is a method used to manage risk. Your investment objectives, time horizon and risk tolerance will drive your asset allocation and help you determine the right balance for you.

Distributions from traditional, deductible IRA's are taxed as ordinary income and, if taken prior to reaching age 59 1/2, may be subject to an additional ten percent federal