Avoid these Mistakes in Retirement Planning
(Ghostwritten, published in a daily newspaper as column of a Certified Financial Planner)

Planning for your financial future can be an enlightening and rewarding experience at any age. Like anything worthwhile though, it's not always an easy process.

As a Certified Financial Planner™ who helps people with retirement planning every day, I see mistakes repeated by all age groups and wealth levels. If you become aware of the following common errors in retirement planning, it's my hope that you will be able to avoid repeating them:

Taking your ability to work for granted. This is a biggie. A stunning 50 percent of today's retirees say they were forced to retire earlier than they had expected to, according to the January 2020 "Road to Retirement Survey" by TD Ameritrade. Among those people, 38 percent cited health issues, while others mentioned loss of a job, caregiving responsibilities, unexpected financial gain or the death of a close family member. In addition, 28 percent said they felt pressured to retire, either by an employer, family members of simply social norms. If your retirement plan hinges on your ability to continue working until your desired retirement age, you need to add contingency planning and consider disability insurance.

Underestimating how much money you will need. One of the most difficult aspects of retirement planning is figuring out a budget for a "future you." There are many variables, not the least of which is the uncertainty of how long you will live. Proper retirement planning requires you to think deeply about the future and come up with a bottom line: How much you will need to have in retirement accounts, other investments and savings to produce enough income for you to have a comfortable life after you stop working. This is one area in which a financial advisor can be most helpful, with experience in setting up different scenarios depending on a host of variables including asset levels and lifespan possibilities.

Playing it too safe with your portfolio. A common piece of investing advice is to transfer more and more of your investments away from stocks and into bonds and other more conservative investment vehicles as you near retirement. This is sound advice in general, but it does not address your individual situation. Your wealth and employment status, your family's needs and your retirement goals all affect diversification decisions. It's important to design your investment portfolio within a comprehensive financial plan that incorporates retirement planning, tax planning, estate planning and other factors.

These three "big picture" mistakes could be joined by a host of others, including over-paying taxes, failing to put aside enough in savings, failing to take full advantage of employer retirement plans, carrying debt into retirement, being under-insured, mishandling withdrawals from multiple retirement accounts, underestimating inflation risk and health care costs, and more. Planning for retirement is a challenging task, but "future you" will be glad that you made it a priority.