

From the Heart: What Does Wealth Mean to You?

By Katherine S. Newton, CFP®

In my experience with planning for women, I find that the word “Wealth” conjures up meanings that sometimes can repel as much as entice. You may think of too opulent life styles, too many “things” to take care of, too much complication, and not enough simplicity in your life. Women particularly oftentimes sense a conflict between their personal value systems and the notion of having “lots” or “more than their fair share.” (Abundance *for everyone* is a topic for another day.)

What if I were to reframe the question and ask you instead, “What do you want your money to do for you at retirement (or at some point in the future)?” What then would be your answer?

For the most part my women clients are seeking what I would call ***financial independence***. They envision retirements where they have choices and where they know they will never be dependent upon their children, other members of society, or the government for the unfolding of their lives. And call it what you may, but it takes a certain amount of resources to ensure this lack of dependence upon others.

So how much money IS enough? How can you find ***your number*** or the amount of money that you need to be independent?

The first exercise in planning is usually to realistically assess your current lifestyle, determine how that will be the same or different in retirement (and if you believe you will need *less* money, are you committed to whatever changes are called for), so that we can answer the question, “How much money do you need to retire?”

In short, “**The Number**” is the amount of resources needed to continue your current (or slightly altered) lifestyle, taking into consideration the work you intend to do, either full or part time, whether you believe social security will still be around (another topic for later), and other relevant factors.

The three key questions a good plan addresses are:

- (1) Are you on track to outlive your assets or will our assets outlive you?***
- (2) Is there enough money left over to intervene in a meaningful way in the lives of your children, grandchildren or other family members?***
- (3) Can you leave a legacy, contributing to other members of society?***

An often overlooked yet critical factor in making your money last throughout retirement is knowing how to ***extract*** money from your retirement plans effectively and tax efficiently. A startling statistic is that 70% of retirees

apparently plan to roll over or take distributions from their retirement accounts un-advised. Knowing the complexity of distribution decisions and government rules, I suspect that numerous wasteful and unnecessary mistakes are being made, and cost-saving opportunities are being missed.

Professional guidance in planning for your financial independence and technical specialization in retirement planning is essential. It calls for someone who is committed to you and your goals and to helping you create streams of income that you won't outlive. Regardless of whether you wish to be "wealthy" or "un-dependent" or "financially independent," don't go this one alone. Decisions like these can, and probably will, have huge impact on the rest of your life.

The views are those of Katherine Newton and should not be considered as investment advice and also are not intended to be tax advice. All information is believed to be from reliable sources; however, we make no representations as to its completeness or accuracy. Discuss all information with your individual advisor prior to implementation.

Katherine Newton, a 29-year veteran of the financial services industry and Certified Financial Planner™, helps clients nationwide enrich their retirements by working to create reliable streams of income, freeing them to do what's most important in their lives.

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