Help! I'm a practice owner and I want to retire, but I'm off track.

Sometime around the age of 50, we may start to think more seriously about retirement. After all, the kids (if we have them) are out of the house, or at least relatively self-sufficient, we're at the peak earning stage of our careers, and thoughts of soon having time for whatever we please are becoming more and more pervasive.

But those daydreams of freedom and folly are often interrupted with anxiety and doubt. *Can I even afford to retire at all? Will selling my practice provide enough income? Will I be able to sustain my lifestyle? Why didn't I do more? Is it too late?*

If you've fallen off track…

Perhaps you always intended to save more, but just didn't have a solid plan in place or the extra money to follow through. Intentions are commendable, but if life has gotten in the way of saving, there's no time like the present to get back on track, especially if you're a successful practice owner. It is not too late, but you need to act quickly.

To have a well-rounded retirement where you can maintain and help protect the lifestyle you and your family have become accustomed to, you need to consider income, health care costs, long-term care, and other factors, such as leaving a legacy (if it is important to you). As a practice owner, you can begin to address income management by establishing or reviewing your retirement savings plan to help ensure that it meets your objectives. It's possible that you may have established a plan years ago, which meets what your objectives once were, but it must be updated today.

Income management

The income you'll need during retirement is dependent on the lifestyle you plan to enjoy. Will you relocate or stay where you are? What hobbies or activities do you intend to pursue? Do you plan to work part-time or not at all? All these variables should be examined as you create your overall budget. Typically, retirees need to replace all or most of their pre-retirement income. Consider this: you may not need as much in the first few years of retirement, but as inflation bites into the dollar's buying power year after year, it will eventually cost more to buy the same things. Make sure your budget takes inflation into account. Social Security may meet part of your income requirement, but may not be enough to rely on exclusively. To create an adequate cash-flow, use tax-advantaged retirement savings accounts such as 401(k) plans or Individual Retirement Accounts (IRAs). Keep in mind that if you are over 50 years of age, you may be eligible to make additional contributions to retirement accounts through a catch-up provision. For 2020, the regular contribution limit to 401(k) plans, as set by the IRS, is $19,500, and the catch-up limit is an additional $6,500.[1] Additional personal investments and/or annuities may also help generate a retirement income.

When it comes to saving for retirement, time is of the essence. The longer your investment horizon, the more time your money has to work for you. Therefore, if you've fallen off track, you shouldn't delay any longer. Before you

know it, those daydreams of retirement may no longer dissolve into anxiety and worry because you'll start to feel some level of confidence that you are back on track just in time.

To learn more, call Equitable Financial at (800) 523-1125, Option 2 to talk to a retirement program specialist, or visit equitable.com/aoa to schedule a retirement planning appointment.

1 https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/2020-irs-401k-contribution-limits.aspx

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