

A BASIC APPROACH TO RETIREMENT PLANNING

Retirement is the time in life when you no longer need to work to live comfortably and can rely on your savings and other passive forms of income to fund your lifestyle.

Contrary to popular belief, retirement does not necessarily mean waiting to be sixty years old to stop working. Instead, retirement can be anything that takes your ability to get an income. This may include workplace injury, critical illness or termination of a contract. Hence, proper retirement planning takes care of such. The age at which a person retires, their lifestyle during retirement, and how they fund that lifestyle will vary from one person to the other, depending on individual preferences and how well they prepare themselves.

Retirement planning means preparing for a steady stream of income after retirement. It entails saving money and investing specifically with the future in mind. Your retirement strategy will depend on your financial goals, revenue, and age. It determines how you will live once you are old and no longer wish or cannot work while keenly paying attention to elements such as health, social interaction, and family that are key to a successful retirement.

A retirement plan aims to identify strategies that can help you realize your set financial goals that will support your lifestyle in your retirement years. Failure to link your retirement plans to your life financial goals might result in unanticipated financial problems in retirement. To avoid making mistakes in retirement, it is necessary to look out for issues such as;

1. Lack of proper retirement goal setting and timely planning.
2. Having one source of retirement income and ignoring other investment opportunities.
3. Failure to start saving early for retirement.

Planning for retirement is all about inculcating a savings culture to give yourself what you deserve and ensure your future is taken care of. A retirement plan should be flexible because you can permanently alter your plans further down the road if you need to. The important thing is to start building a structure that involves;

1. Setting aside money regularly.
2. Popping the money into either an Occupational Pension Plan or an Individual Pension Plan.

3. Aside from the money sitting in your retirement plan, identify an investment company that will manage your money and helps you select suitable investment options.

Money is undoubtedly essential, and a stable source of income is critical to a happy retirement.

Budgeting For Retirement

A good budget is a key to successful saving in retirement; this involves outlining the money you will expect to have, the bills and necessities that will need to be taken care of, and any other unexpected expenses. Retirement comes with distinct phases with different spending and expenditure priorities/needs. A well-planned budget plan includes:

- Assets to fund retirement,
- Guaranteed income,
- Essential expenses like food, and
- Discretionary expenses like travel and hobbies.

Budgeting requires you to determine how much you should be saving to meet your retirement goals. These goals should cover the annual expenses you anticipate in retirement and any significant purchases after you retire. The amount you want to spend in retirement determines the amount you need to save each year before retirement. Other things that increase the amount you need to keep are significant purchases or expenses consequently, and it is important to;

1. To determine how much you must save before retirement, you must first estimate the amount you will need to spend each year. If your retirement expenses are going to be significant, then your savings will also have to be large.
2. Consider the income you currently have, write down all your sources of income and how much you plan on saving; diversifying your retirement investment portfolios will also contribute to your retirement income.
3. Establish a savings pattern that accommodates a changing lifestyle and expenses. Make early, regular contributions to your retirement plan depending on your choice of a pension plan, IPP, or DC.

A retirement budget will allow you to track how much you are spending and spread your savings out to live the lifestyle you want.

Importance of a Retirement Plan

A good retirement plan helps you maintain your lifestyle even at retirement and takes care of any unforeseen emergencies.

A retirement plan is a good enabler when it comes to making better career decisions; you can work around a career that helps you achieve your financial goals and your life goals.

A comprehensive retirement plan includes saving for medical and potential long-term care costs. Then, when you know your expenses are covered, you will not have to rely on your family to fill the gap.

Planning for retirement assures you of an added source of income. It assists in handling and managing fulfilling life aspirations, medical emergencies, and being financially self-sufficient. The future may be uncertain, but you will be well prepared with a proper plan in place. Diversify your retirement opportunities by investing in avenues that have good returns. Start as soon as you can so that your later years are relaxed and comfortable.