RETIREMENT INCOME PLANNING RISKS

For many of us, running out of money during retirement is our biggest concern. However, running out of money before we 'run out of heartbeats' is just one of many risks we must incorporate into our planning. Here are some other risks to consider as we balance the need for current income from our assets with our other long term goals. The list is not comprehensive and other risks not listed should be considered. [1]

- **Longevity Risk –** Living longer than originally expected and running out of money before you run out of heartbeats
- **Inflation Risk –** The price of goods and services increases faster than your retirement income
- **Excess Withdrawal Risk –** Depleting retirement assets due to poorly planned withdrawals leading to early exhaustion of retirement assets
- **Long-term Care Risk –** Lack of planning for potential long-term care expenses
- **Asset Allocation Risk –** Loss of money due to inadequate diversification
- **Unexpected Family Financial Responsibility Risk** – The impact on retirement capital from helping children or grandchildren when an emergency occurs (e.g. loss of a job, uninsured medical expenses, divorce or student loans)
- **Public Policy Risk –** Unanticipated changes in government programs such as Medicare or Social Security
- **Tax Risk –** Experiencing significant tax increases or curtailment/elimination of tax deductions or exemptions
- **Sequence of Return Risk –** Receiving low or negative returns during the early years of retirement that may lead to an inability of the retirement portfolio to provide the anticipated income
- **High Debt Risk** – Committing a large percentage of after-tax retirement income to paying off a mortgage or consumer debt
- **Liquidity Risk** – Not having enough cash to handle regular monthly bills and unanticipated emergency needs

[1] Adapted from an article by Kenn Beam Tacchinoo, "Strategy Compilation for a Successful Retirement Income Plan" Journal of Financial Services Professionals / January 2013 pp. 40-41.

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