5 RETIREMENT MASTERY PRINCIPLES

Welcome and congratulations on being an action taker!

In a few seconds, you will be reading about individuals just like you that took one step of action and with that one step began a path to their own unique version of retirement mastery.

One of the perks that have come from working with savvy, well-seasoned investors has been gaining valuable insights from their life stories. Hearing about their highs, their lows and everything in between that life can serve us while we are persevering to build families, businesses, and a retirement nest egg.

After listening to hundreds of stories, it has become apparent to this observer that these savvy, well-seasoned and comfortably retired individuals seem to live by a few principles that have shaped how they approached their personal path to retirement mastery.

While mastering retirement looks and feels very different for each and everyone one of us, the following 5 principles may be a good starting point for those of you that appreciate a few simple building blocks that can help you achieve your retirement goals.

1. Be Curious and Be Engaged
2. Embrace Risk
3. Father Time Matters
4. Avoid Traps and Avoid the Avoidable
5. Complacency Kills

BE CURIOUS AND BE ENGAGED

One of the biggest mistakes 401(k) savers make is not maximizing the match their company is willing to provide. In most cases, this error is a result of either not being informed that the company is offering to match certain amounts to your contributions or the lack of action required to make the adjustment with your payroll in order to maximize the match being offered.

5 RETIREMENT MASTERY PRINCIPLES CONTINUED

EMBRACE RISK

The savviest of investors seem to have learned to embrace risk by understanding that in life there are ups and downs and when it comes to investing for retirement the same is true. The reality is, if you invest long enough you will experience an occasional loss, and if you invest consistently in prudent strategies over a long period of time those occasional losses should be offset by more significant gains.

A very common 401(k) mistake for younger investors (age 20-55) is being too conservative in your investment allocation as well as a common misbelief that your company may be managing or watching over your 401(k) account. This is rarely the case; in most 401(k) arrangements the investment allocation mix is up to you to choose as well as maintain and watch.

FATHER TIME MATTERS

Your time frame matters! We can't express this enough.

In our twenty-plus years of managing retirement investments, we have seen more than once the pain and suffering investors can experience when taking too much risk at the wrong time.

When is the wrong time? That is different for everyone but the time that is most crucial is when you are in the Retirement Red Zone. The 5 years before and the 5 years after you have retired. This is a time that too much risk and too much market volatility could derail you from reaching a desired retirement goal or date.

Another common 401(k) mistake related to risk and time is being overly concentrated in your employer's company stock. As you approach retirement age the natural move towards risk reduction would be to increase diversification and avoid having too much of your net worth and income-dependent on one company.

5 RETIREMENT MASTERY PRINCIPLES CONTINUED

AVOID THE TRAPS AND AVOID THE AVOIDABLE

Luckily for most 401(k) and retirement investors, there are not too many traps to watch for. However, the traps that do exist can be very costly so you will want to pay extra close attention to the next three points.

1. Rollover Redo Custodian style – When you decide to roll over a 401(k) to an IRA you will need to pick a custodian. Picking the right custodian is important. It is important to choose a custodian that provides you good access to information about your account and provides you resources and guidance to help you make wiser investment decisions in the future. Avoiding changing custodians on a regular basis can help keep consistency in your returns while keeping your stress level lower.

2. Rollover Redo Tax Trap – It's important to remember when doing a rollover of a 401(k) to an IRA, you have 60 days from the date of the check to deposit the funds into the IRA. If you miss this time window you run the risk of the entire distribution becoming taxable which would be a big oops and possibly cause you to pay taxes that could have been avoided.

3. Taking a Loan and changing jobs before the loan is paid off. 401(k) loans can be a way to create some cash when needed. Before you take a 401(k) loan you should be aware that if you leave your job or lose your job before the loan is paid off the unpaid balance could become a taxable distribution and if you are under the age of 59 it could be an expensive and possibly avoidable experience.

COMPLACENCY KILLS

If there is one intangible yet observable common thread that seems to have contributed to the success of these retirement masters is a belief that complacency kills.

Many of the most common 401(k) mistakes are the result of complacency, whether that may be missing opportunities to maximize benefits, not monitoring and rebalancing the account allocation, or the biggest of killers - leaving you 401(k) behind when you leave a job. All of which are easily avoidable by starting with the first principle of being curious and engaged.

Schedule your free 30-minute 401(k) analysis (value $400.00) today at 1 (949) 492-6900