

## **FOLLOWING THE PLAN**

Bill and Donna came to us several years ago for financial planning. They had been tax clients for at least 20 years. They were in their late 50s at the time and had a son on his way to college.

They had saved a few hundred thousand dollars and had inherited a few hundred thousand more. Their incomes were good, but not great. They were very concerned about being financial secure in retirement – if they could retire at all.

Our first step, as always, was to review their estate documents and insurance. Their insurance was adequate, but we recommended that they update their estate plans.

Next, we compiled their resources – savings, investments, pensions, real property. In this area, they were ahead of many other baby boomers, but could not possibly retire yet.

We recommended that they immediately begin fully funding their retirement accounts at work. Like many baby boomers, they were in their high earning years but were not fully funding their retirement accounts. When they countered that they would not have enough to live on, we pointed to the inheritance that they had just recently received. We found a money manager for them that would invest their inheritance in fairly safe and liquid investments that they could draw upon if the additional contributions to their retirement accounts made money too tight.

Having identified their resources, we next identified their goals for their golden years. These included retirement age, retirement income, their son's education, and some travel while they were young enough to get around.

Financial planning, at its core, is connecting resources and goals. Using our interactive financial planning software, we compared their resources and goals, and recommended a plan that would likely result in their achieving their goals and have a secure if not lavish retirement.

A few weeks ago Donna's company discontinued its 401K plan. We went back to our retirement income projection, tweaked the plan to account for this unexpected change, and still believe that Bill and Donna can achieve their goals.