00:00:09:10 - 00:00:38:00

Speaker 1

Welcome, my name is Andrew Baron, and this is Well… It Depends! The podcast where I address financial decisions that can't be answered with a simple yes or no. In this episode, I ask the question Should I be more conservative with my investments as I approach retirement? But before we begin a short disclaimer, this is being recorded on November 28th, 2023.

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Speaker 1

The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It's important to consult with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically.

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Speaker 1

Getting into it. Let's start off by considering risk.

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Speaker 1

During your working years, you're able to pay for your lifestyle out of the money you earned. Therefore, if there's suddenly a stock market decrease, it doesn't affect your day to day spending. Compare this to when you transition to retirement and you are relying on your retirement assets to generate income. If you were to experience a sudden stock market decline, this can have a material effect on your spending capacity.

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Speaker 1

But there is another side to this. Retirement can last a long time, sometimes 30 years or longer. So you need to remember to have some of your assets that are dedicated to growth for the long term to pay for things as prices increase and to keep up with your ongoing needs.

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Speaker 1

Your personal circumstances matter a lot here. You'll need to be able to answer questions like how much money you have from guaranteed sources such as Social Security and pensions, versus how much money you have leaving from spending. You'll also want to consider if you're the beneficiary of an inheritance one day or if the bulk of your assets today are all you stand to have in the future.

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Speaker 1

Answering these questions will help you evaluate how much risk you can afford to take in retirement.

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Speaker 1

There are stages to retirement. In the beginning, many retirees would like to do the things that they have been putting off while they had been working. Such as additional vacations, relocating or picking up new hobbies. All of which might entail dipping into their investment accounts.

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Speaker 1

However, withdrawing substantial portion of your assets during a declining market can be disastrous for your long term plan.

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Speaker 1

To recap, you'll need to understand your cash flow needs risk level and how you plan to spend the different stages of retirement.

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Speaker 1

So to answer the question, should it be more conservative with my investments as I approach retirement? Well… It Depends!

Speaker 1: Andrew Baron, CFP®, EA