



# THE 7 THREATS TO A SUCCESSFUL RETIREMENT

## THREATS

- Social Security
- Medical Care
- Cost of Retirement
- Poor Investment Advice
- Outliving Your Savings
- Taxes
- Wolves in Sheep's Clothing

Planning for retirement is more challenging than ever. Economic shifts, market volatility, and disappearing pension plans are all working against your goal of a secure, lifelong income. With over 35 years of experience, I've never seen a time like this for retirees and near-retirees.

Many are unaware of the roadblocks ahead. The number of private-sector workers with pensions has dropped from 39% in 1980 to less than 15% today. Worse yet, 31% of workers have saved nothing for retirement. According to Fidelity, the average retiree could face a \$2,100 monthly shortfall. And over half of pre-retirees worry about covering medical expenses in retirement.

Even those who believe they're prepared often aren't. Nearly half of Americans die with less than \$10,000 in assets, and many outlive their savings by spending more than expected. Plus, trusting unqualified "experts" can lead to costly mistakes.

The landscape of retirement is shifting—tax laws, healthcare, Social Security, long-term care, and more are evolving. You need to stay ahead of these changes to protect your financial future. The risks are growing, but the right strategies can help you navigate them. Let's discuss how to safeguard your retirement.



FINANCIAL ADVICE



PLANNING



RETIREMENT COACHING

# 1. SOCIAL SECURITY

For decades, Social Security and Medicare have been the foundation of retirement planning. But today, both programs are facing financial strain and will need significant changes to remain



viable. If no adjustments are made by 2035, benefits could be cut by 23%, according to the program's chief actuary.

Some younger people I speak with assume they won't receive Social

Security at all and are planning without it. While I don't fully agree with this view, it's clear: Social Security will undergo changes. Expect potential hikes in taxes, reduced benefits, slower cost-of-living increases, income means testing, and later full retirement ages.

How will these changes impact your retirement? It's important to adjust your plans and stay ahead of the curve.

# 3. COST OF RETIREMENT

One of the biggest mistakes I see is underestimating retirement spending needs. Many retirees I speak with say their biggest regret is not accurately predicting their expenses. According to a TIAA-CREF survey, one-third of pre-retirees think they'll need only 25% to 50% of their preretirement income, while another third expects to need 50% to 75%.

The old rule of thumb—spending 65% to 80% of pre-retirement income—is too vague for effective planning. While some expenses (like commuting and work clothes) will decrease, others may rise. You need to plan for your unique retirement needs.

You'll have more time to travel, eat out, shop, pursue hobbies, and possibly support family members. For many, early retirement years can be as costly, or even more expensive, than expected.

Let's dive deeper into how to better estimate and plan for your unique retirement needs.

# 2. MEDICAL CARE

Medical and long-term care costs are top concerns for retirees, yet many underestimate the expenses they'll face. A 2020 Allianz survey found that most people assume Medicare or employer insurance will cover most of their medical expenses—but that's far from the case. Only 28% of employers with over 200 employees still offer retiree medical coverage, and Medicare only covers about half of healthcare costs.

The average retiree can expect to pay \$6,000 to \$8,000 annually out of pocket for medical care. A couple age 65 today will need over \$270,000 for uncovered medical expenses—more if they live past 85. And this doesn't even account for long-term care, which can be a huge expense.

With Medicare projected to go bankrupt by 2036, planning for these costs is more urgent than ever.

Preparing for these challenges is critical.



Number  
E-mail  
Website  
Address

(303) 452-5986  
info@townsendretirement.com  
www.townsendretirement.com  
2761 West 120th Ave,  
Westminster, CO 80234

## 4. POOR INVESTMENT ADVICE

When planning for retirement, one of the biggest threats to your financial future is poor investment advice. Too often, well-meaning friends, family, or even self-proclaimed experts offer recommendations that simply don't align with your unique financial situation. The truth is, no two retirement plans are the same. The strategies that work for one person may not work for you, and relying on generic advice can lead to missed opportunities or even costly mistakes.

The key to avoiding poor investment guidance is to work with an advisor who understands your specific goals, risk tolerance, and timeline. A tailored approach that reflects your personal circumstances is the best way to ensure you're on the path to a successful retirement.

Townsend can help you develop a strategy to make smarter, more informed investment decisions.

## 6. TAXES

Taxes in retirement are often overlooked in planning, but they can have a major impact on your income and overall financial security. Many retirees are surprised to learn that Social Security benefits, pensions, and retirement account withdrawals can all be taxable. What's more, required minimum distributions (RMDs) from tax-deferred accounts like 401(k)s can push you into a higher tax bracket, reducing the amount of money you actually get to keep.

Effective tax planning in retirement involves more than just minimizing taxes in the moment. It's about strategically managing your income sources to reduce your long-term tax burden. By understanding how taxes will affect your retirement income, you can develop a plan that keeps more money in your pocket and less in the hands of the IRS.

Tax-efficient investment strategies can help you make the most of your retirement income and reduce unnecessary stress.

## 5. OUTLIVING YOUR SAVINGS

One of the greatest fears retirees face is outliving their savings. As lifespans continue to increase, many people are finding that their retirement funds don't last as long as they'd hoped. It's not just about saving enough, it's about ensuring your money is working for you in the long run.

Too often retirees underestimate how much they'll need in their later years, especially when it comes to healthcare, inflation, and unexpected expenses. Without a strategic withdrawal plan or guaranteed income sources, the risk of running out of money is real.

The good news? With the right planning, you can create a financial strategy that not only helps you maintain your lifestyle throughout retirement but also protects you from outliving your savings. Let's talk about how to secure a stable financial future, no matter how long you live.



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## 7. WOLVES IN SHEEP'S CLOTHING

Not all financial advisors have their clients' best interests at heart. While most are well-meaning, some are incentivized to recommend products or strategies that benefit them, not you. This can lead to advice that's more about earning commissions than building your long-term financial security.

Choosing an advisor who operates under a fiduciary standard, meaning they are legally required to put your interests first, is crucial. Without this safeguard, you could find yourself in products with hidden fees or unnecessary risks, ultimately jeopardizing your retirement goals.

The right advisor should always focus on what's best for you, providing clear, honest guidance tailored to your individual needs. If you're ready to work with someone who truly understands what makes you different and unique, then let's talk about how we can help you build a secure financial future.



**JEFF TOWNSEND, CRPC®**  
**CEO AND FINANCIAL ADVISOR**

For retirees, having a fiduciary financial advisor is essential. A fiduciary is legally bound to put your best interests first, ensuring your retirement strategy aligns with your unique goals without conflicts of interest. Many advisors are incentivized by commissions or sales, but a fiduciary focuses on what truly benefits you, from tax-efficient strategies to managing investment risks.

At Townsend Retirement, we prioritize your financial security by offering personalized, unbiased advice tailored to your needs. Our expertise and commitment to always acting in your best interest make us the trusted partner you need to navigate the complexities of retirement with confidence. Let's work together to build a future that's as secure as it is fulfilling.

Don't leave your retirement to chance. Knowledge is key to a secure financial future. Many people unknowingly make costly mistakes simply because they don't have the right information. Let's change that for you! Schedule a meeting with a Townsend advisor today and take the guesswork out of planning for a successful retirement. Your future self will thank you.

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Address

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