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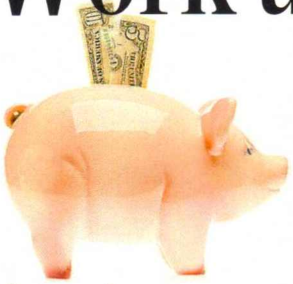
Money

BUSINESS, CONSUMER & PERSONAL FINANCE

Saturday
JULY 2, 2011

Work until 80? Better save now



If you don't want to stay in the work force as an octogenarian, local experts say get an accounting of your expenses

Compiled by Karen L. Miller
Reading Eagle

Most people would like to retire someday — some of us would like that day to be sooner rather than later — but the numbers thrown around as to how much money we need to save to be able to retire are nothing short of daunting.

In fact, a new study by the Employee Benefit Research Institute with a long, boring title, "The Impact of Deferring Retirement Age on Retirement Income Adequacy," says most of us will be working until we are in our 70s and 80s.

So we asked local financial experts what they tell their clients they need and how they go about doing that.

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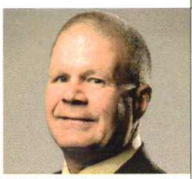
	What advice do you tell your pre-retirement clients to determine what they'll need?	How often do people fall short of their retirement goals? And what would you change?
 **J. William Bargfrede** Fleetwood Bank	"I am not aware of any magical formula or method to determine what one would require for retirement. "I would recommend individuals meet with a qualified financial adviser and set a plan to follow. Each individual will be unique as far as what he or she has saved, current lifestyle and expectations for living comfortably into the future."	"Save, save, save. It is NEVER too late to start or increase saving. Make every effort to become debt free, (a special emphasis should be placed on eliminating credit-card debt — consolidate wherever possible). "A lifestyle change today is something to be seriously contemplated. Too many people fall short of their retirement goals by not saving and/or investing wisely and forecasting into the future. Some people tend to get caught up in *today*. I would highly recommend that people seek out sound financial advice from a qualified financial adviser."
 **Jay R. Kemmerer Sr.** Berkshire Advisors	"Each client situation is unique unto itself. Several variables inherently play an important role in the recommendation process, such as cash flow need, time horizon, inflation, life expectancy and estate-planning needs. "In our country and throughout the world, retirees and pre-retirees are faced with difficult financial decisions. Today, we see more and more individuals who need to make drastic downsizing lifestyle adjustments due to the economic toll on their retirement nest egg."	"We urge our clients to be realistic with their planning. Start saving as young as you can, don't place 100 percent of your retirement future in government-promised programs and hire an independent fee-based adviser who can look at your individual situation objectively. "Don't let your retirement plan fail by failing to plan."
 **James L. Adams** Adams & Associates	"Listing assets, liabilities and income is important, but a retirement plan starts with a honest, complete listing of your current expenses. "Knowing what you personally need to save to retire begins with having a picture of what you'll be spending to maintain your lifestyle."	"Folks that fall short for retirement generally don't have a handle on how much they are spending. And that goes back to knowing what you spend while you still have employment income. "If people would do a net worth statement and an income/expense statement, and then update those statements every year, this type of report-card exercise would help them to see their progress, or lack thereof, and would motivate them to do a better job of planning for their financial futures."
 **William A. Morgan** Herbein Wealth Management	"Estimate your non-discretionary, post-retirement spending — save 20 times that amount as a minimum goal. Develop a plan showing what you've saved today, what you need at retirement and how you will bridge the gap between the two. Without a plan — you plan to fail!"	"People who fail to plan for retirement by their late 30s are in danger of not reaching their goals. People who wait until their mid 40s likely will not succeed in achieving their retirement goals. "I suggest requiring a curriculum of financial literacy in elementary, secondary and college. Create a Cabinet-level position charged with educating the public much as the Food and Drug Administration attempts to educate us about nutritional concepts."
 **Virgil A. Kahl** Spring Ridge Financial Group	"For those people who do not wish to spend the time accounting for their expenses in a detailed manner, a good starting point is to look at the total of your net pays over the course of a year, and then deduct how much money was added to your liquid savings that year. "That is a true picture of the amount of money you need to live on. If debts will be paid off prior to retirement, then those payments also can be deducted from the total amount needed in retirement. The total cash then needs to be adjusted for inflation of approximately 4 percent per year."	"Because most people have not engaged the advice of a financial planner until they are within 10 years of retirement, if they haven't formed good savings habits from when they began working, it's often a tall task for them to meet their retirement goals requiring considerable annual savings to play catch up. "So the advice is simple, start saving as soon as you begin your career, targeting 10 percent, and save at least half of your raises every year of your work life. People form spending habits and save what is left over, instead of saving first and determining what is left for them to spend."
 **Michael P. Butterworth** M.P. Butterworth & Associates	"There's no formula or method — you must look at the last two years' expenses and create a budget (be sure to include cost of health care and out-of-pocket expenses). Next you look at your sources of income available: pensions; Social Security; retirement accounts, such as IRAs, 401(k) plans; and personal savings. How much income will each source generate?"	"For better than 50 percent of individuals, the major reason (they fall short) is they start to plan too late. "I would suggest training students in high school about the importance of planning for the future. This should be reinforced with post-secondary programs, such as technical schools, community colleges, colleges and universities."