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## Your financial planner: You're retired, but what happens if ...

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Many people use their retirement projections to answer the all-consuming question "Can I retire?" Whether you use Quicken's retirement software or an app, or your own financial advisor, a lot of details and assumptions go into those laborious calculations.

You need to know a lot more than just "Can I retire?" A retirement analysis answers far more than that. Here are some situations you should experiment with to bullet-proof your own retirement plan.

We always ask "what if the rate of return" on your investment portfolio is below historical averages? If your retirement projection uses a 7% rate of return and tells you your portfolio is big enough to support you through retirement, what happens to your retirement projection if you use a 5.5% rate of return? How much would you have to trim expenses during your retirement? Do you only forgo the annual trip to Europe? Or, do you live on Campbell's soup too?

Many of you may be in a second marriage. If you die, all of your money may not go to your spouse; instead you may have chosen to leave some of it directly to your adult children. We use a retirement projection to ask "is there enough money" remaining in the portfolio to allow the surviving spouse to live the lifestyle to which they're accustomed? Or will they need to cut spending drastically if most of those investments leave the retirement portfolio? A common problem occurs if one spouse has more investments than the other and dies early in retirement. A surviving spouse can be left with too little unless remedial steps are taken.

Retirees often ask us whether they can give their adult children a set amount each year without endangering their own retirement. What is that amount? Some grandparent clients have asked us if they can put \$1,000 annually into each grandchild's UTMA or 529 education account without risking their own spending levels. A retirement projection can tell you the answer.

Many of you might have a family farm, where you split the rent received with your adult siblings. We work for clients who receive distributions each year from large multi-generation trusts or corporations. Those entities are operated out-of-state, controlled by others. There can be a wide variation on what you receive annually--sometimes it's a lot, sometimes very little. We use a retirement analysis to ask "What if the annual check dries up?" You want to test if you can still have a satisfactory retirement.

Some of you have a defined benefit pension plan, where you will get a monthly check upon retirement. The distribution options allow you to get a big check over your lifetime alone (the most aggressive option) or a smaller check over your life and then your spouse's life, if you're married. The options for married workers usually allow for 50%, 75%, or 100% of the total check to go to the surviving spouse. The total check will be smaller if 100% goes to your spouse. It'll be larger if only 50% has to be paid to your spouse over the second life. We use a retirement projection to check if your retirement is healthy along this entire spectrum of options. Be aware that few couples can choose the most aggressive option and maintain a safe retirement.

Will you consider moving to an assisted living facility at some point? There are often multiple buy-in options, ranging from a small down payment and a monthly fee, to a one-time down payment and no monthly buy-in fee. Those down payments – whether the smaller or the larger one-time payment – are often withdrawn from the investment portfolio. The retirement projection will let you determine if one option is better for your financial picture.

Retirement analysis is far more than "Can I retire?" Use your projections to help you examine pitfalls and make solid, informed decisions.

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