Avoiding Retirement Decision Burnout

Imagine the scenario: You're planning to retire in 5 years, 1 year, 6 months. You've been saving and/or investing over the years, using one or more of the standard retirement planning vehicles: IRA accounts, 401(k) accounts, stock options, securities you bought because your broker/brother-in-law/best friend recommended them, a CD or two, life insurance, and maybe an annuity.

But you're not sure what's the best way to ensure your financial well-being once that regular paycheck is gone. Heck, you're not even sure how long your accumulated savings will last. Should you be worried? How worried? About what?

So, you read articles in Forbes, Wall Street Journal, AARP's magazine, Reader's Digest. You watch CNBC and CNN Financial. You buy "How-to-retire-without-worry" books. You attend seminars. You talk with friends and family who have already retired.

Does it help? Somewhat. You know more than you used to. But probably you know too much. Terms like rollover, ESOP, 401k and Roth IRA buzz through your mind, and possibly into your dreams at night. And you're confused, because little of the information agrees. One source touts the stock market as the answer; others say it is the worst possible choice. It's the same for annuities, CDs and all the other options. Maybe you're ready to just flip a coin and let fate decide.

If this describes you, you're suffering from one of the most common hazards of retirement planning: Information Overload. You've heard too much contradictory information from various reputable sources and, as a result, you've become immobilized with indecision. You're concerned, and well you should be: this is your life's savings you're deciding about. A poor decision now could cause serious financial difficulty later. When the facts are confusing, people often act on emotions instead, and that makes mistakes more likely.

Retirement can be scary for many people because it's the first time that they have had responsibility for investing a large sum of money. Before retirement, their 401k and pension funds were invested by their employer, or by them within limited options. Now they have a considerable lump sum to deal with and seemingly limitless choices for how to do it.

As money managers and financial planners, we've counseled many clients and prospective clients facing the retirement planning hurdle. Helping them overcome information overload is one of the greatest, and most satisfying, challenges we face. Following are some simple guidelines to help you, too.

1. Recognize that you *are* right to be concerned.

2. Recognize that every potential decision is right for someone. You just have to find the decision that is right *for you*.

3. Decide what *your* main concerns about retirement are.

4. Determine how much money you need to live on, and how much money you have now in your various investments and savings.

5. Recognize that everyone has a reason for recommending the decisions they tout, and that those reasons may not be in **your** best interest. Learn to decide for yourself.

6. Trust your instincts about the integrity of the people you're dealing with. **Don't** trust your instincts about their ability and knowledge: Get hard facts to confirm (or deny) what they tell you about themselves.

7. If you are working with a financial advisor (financial planner, insurance agent, stock broker, etc.), understand how your advisor gets paid, and what potential conflicts of interest that could create.

8. **Make one decision at a time**. If you can, spread the decisions out over a two-year span. Set personal deadlines for time-sensitive decisions that are a month or two ahead of the actual deadline, so that you never feel pressured to act without thinking first.

9. Dip into your taxable investments first. Leave the tax-sheltered investments alone to keep growing while you draw down the other accounts.

10. Set aside an emergency fund in savings or another readily accessed account. The purpose of this is to help you feel comfortable with investing because not all of your money is "tied up."

Retirement will change the way you think about investing. Take the time to understand what must happen with your money over the whole course of your remaining life span and set goals that are appropriate for each new stage. This will give you the guidance to tell if you are "on track" or need to refine your investments for the future.