

# Keep Working Toward Lifetime Goals

As the years go by, many of your short-term plans may change. But you'll always need to focus on three lifetime goals: planning for retirement, preparing for the unexpected and creating an estate plan. What steps should you take to meet these goals?

Let's start with retirement. Throughout your career, you'll need to put away money for a retirement that could last two or three decades. So, you'll want to contribute enough to your IRA and 401(k) or similar employer-sponsored retirement plan to provide for your income needs in retirement. And you'll want to fund these accounts with a reasonable percentage of growth-oriented investments, based on your comfort with risk and how long you have to invest.

But planning for retirement involves more than just a general commitment to save and invest. You'll also need to envision your retirement lifestyle. Will you travel extensively or stay close to home, pursuing your hobbies? Or are you thinking about relocating or spending part of the year in a vacation home? Your retirement aspirations will help determine how much money you'll ultimately need to live the lifestyle you desire.

And finally, once you are retired, you'll have to ensure you don't outlive your resources. Consequently, as you begin taking money from your retirement accounts and investment portfolio, you'll want to establish a sustainable withdrawal rate – one that lets you enjoy your retirement while accommodating the inevitable ups and downs of the financial markets.

Now, let's move to the second lifetime goal: planning for the unexpected. Even if you budget carefully, you may not always be prepared for unplanned costs, such as a needed home improvement. If your cash flow can't meet these expenses, you might be forced to dip into your long-term investments, possibly leading to taxes, penalties and fewer funds left

for retirement. That's why it's a good idea to maintain an emergency fund containing three to six months' worth of living expenses, with the money held in a liquid, low-risk account.

Of course, more serious unexpected events can also occur. If something were to happen to you, could your family members maintain their lifestyle? Could the mortgage still be paid? Could your children continue with their higher education plans? It's essential that you maintain sufficient life insurance to meet these needs.

The last lifetime goal – creating an estate plan – is meant to achieve multiple aims. For example, you may want to name someone to make financial and medical decisions on your behalf should you become incapacitated. If you have children, it is important to name a guardian should something happen to you. It's also necessary to keep your beneficiary designations up to date. And you may want to leave something to charitable groups.

To meet all these objectives, and possibly even more, you'll need to work with a legal professional to create the necessary documents and arrangements, such as a durable power of attorney, a will, a living trust and so on. You may also need the help of your financial advisor to review your beneficiaries and to balance your estate and legacy goals with your other financial objectives.

Life is full of twists and turns, and you may change your own course along the way. But no matter which roads you follow, you'll still need to achieve the three lifetime goals we've discussed – so keep working toward them.

*This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.*

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