

# POCONO RECORD

## FINANCIAL SENSE

By Ralph Grauso | Jun. 11, 2016



How many of you spend more time planning for your next vacation than planning for your retirement? Think about it and if you raised your hand, then you are not alone.

According to a study by MassMutual titled “Taking Chances,” the future does not appear to be a top priority for many. The study asked a total of 2,016 Americans ages 18 and older questions about the amount of planning that they do in preparation for various life events. The results revealed that respondents prioritize many things over retirement planning, an approach that can lead to problems down the road.

MassMutual’s survey revealed that 42 percent of people carefully research every detail of an upcoming vacation, while only 32 percent said they researched every detail of their retirement plan.

In another survey by Charles Schwab more than half of the 1,000 respondents who participated reported spending five or more hours doing research for their last auto purchase, and 39 percent spent five or more hours exploring vacation options.

Meanwhile, only 11 percent spent five or more hours reviewing the options for their 401(k). A third of the respondents admitted they had not even dedicated a full hour to investment research. Ultimately, this study concluded that many people spend more time preparing to go on vacation or buy a car than they spend analyzing their retirement investments.

Needless to say, I was a little shocked and realized something is not right here.

First, retirement will last longer than a vacation and a car, so it needs a lot more planning, and, with proper planning, retirement can be a permanent vacation, one with endless possibilities. Not planning for it can truly lead to big problems in the long run.

So what should you do? Start making time for financial planning; at least as much as you do to plan for a vacation. Here are some tips to get you started:

## **Have you compared fees?**

How much in fees are you paying? You probably research and plan for fees when you travel, but did you know that fees for a 401(k) can also eat a sizable portion of your savings?

There are costs for a number of things such as administration, investment and service fees. Every dollar that's taken in fees is a dollar that can't grow and compound for the future, so it is important to identify your fees on all investments to ensure that you are receiving adequate value for the expense.

## **Do you understand the risk?**

Much like your idea of the perfect vacation changes over time, so do the needs of your investments. All too often retirement savers leave savings and investment allocations in the same place for decades.

However, the closer you get to retirement, the more you may need to shift your risk tolerance and investments towards preserving the money saved rather than have it grow at all costs.

This requires updating your strategy and re-balancing your portfolio more often than you probably do now. If you have not reviewed your investments recently, it is time.

## **Do you have enough insurance?**

If you make a large investment in your travel plans, you may have purchased trip insurance in case unforeseen problems arise. This mindset is worth considering for retirement as well.

There are many types of insurance to consider including disability, long-term care, life, health and more. Do you have the right insurance? Are the policies for the insurance you have up-to-date?

Now is a good time to take a look. For instance, if you have had your policies for a while, some newer options may be worth considering that carry additional benefits, such as long-term care coverage as part of a life insurance policy. You also might need to adjust the beneficiaries if there's been a birth, death, marriage or divorce in the family. Different kinds of insurance are important at different stages of life, so reviewing your needs regularly will help keep you on track.

These are just a few things you can do to work toward your ultimate vacation of retirement.

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