

## **1. Achieving A Successful Retirement**

*“Successful Retirement”- a lifestyle-sustaining income and a legacy for those you love*  
Do you know your Successful Retirement Number?

**How do you preserve your lifestyle and not out-live your savings?**

### **What Are the Real Issues for Retirement?**

With droves of baby boomers starting to retire, this generation could be part of a serious retirement income crisis. We believe this crisis could occur, in large part, because of a set of attitudes many people have towards investment **risk** and **safety**. Today’s retiring baby boomer is confused about what the real issues are when it comes to retirement income planning, and many are unaware of the 4 key concepts that need to be understood for **Successful Retirement** planning.



### **Concept #1 – We Are Living Longer Than We Think**

Too many retiring boomers do not truly realize how many years we need to plan for retirement. The truth is we are living much longer than we think. Studies show that healthy 65-year-old couples today have a 50% chance of having at least one spouse live to age 92.<sup>1</sup> This means we should be planning for **30+ years of retirement**, not just 15 or 20 years.

1. Source: 2012 Individual Annuity Mortality Basic Tables, Society of Actuaries. © 2014 Morningstar

### **Concept #2 – Inflation Is The Real Risk**

With longer life expectancies, we run a huge risk that the rising cost-of-living (inflation) will out-pace our retirement income. Unfortunately, the fear of volatile equity markets (there’s a common misunderstanding that “stocks are risky”) make many retirees prone to protect their principal by putting their savings into Fixed Income Investments, while the real threat, **inflation**, sneaks up on them and destroys the lifestyles they have worked so hard to achieve.

### **Concept #3 – Rising Income Investments Are The Solution**

In order to combat the risk of inflation, we must have investments which can at least keep up with the rate of inflation. These are known as **Rising Income Investments** which come from owning stocks of quality businesses that grow their income and dividends over time. Fixed Income investments, while appropriate for a minor portion of one’s retirement income portfolio, are not designed to conquer the real risk in retirement.

## **Concept #4 – Appropriate Investing Behaviour Is Key**

Too often, people spend far too much time and energy focusing on:

1. Investment Selection - choosing the “best” investments to buy and sell.
2. Market Timing - attempting to avoid normal investment market declines.

“Selection and timing” is generally not a productive use of time and can be hazardous to our wealth. No more than 10% - 20% of one’s time should be devoted towards stock selection. Instead, 80% - 90% of one’s energies should be concerned with **Appropriate Investing Behaviour**. As human beings, we are unfortunately hard-wired to fail when it comes to investing. We struggle with the many investing emotions that include fear, panic, over-confidence, greed, euphoria, etc. These natural emotions result in one or more mistakes being made which can prevent us from achieving our financial goals.



### **Conclusion**

In summary, there are 4 important concepts we must understand and plan for in order to achieve a **Successful Retirement**:

- 1. We are living longer than we think**
- 2. Inflation (rising cost-of-living) is the real risk**
- 3. Rising income investments are the solution**
- 4. Appropriate investing behaviour is key**

Once we understand these concepts and their impact on our retirement, we can then properly calculate our **Successful Retirement Number**. At Capital Concepts Group, we’ll be glad to help you determine what your number is.

The above 4 concepts will be discussed in further detail in our Successful Retirement Series. Our goal in producing this series is to educate and help you to “behave your way to a *Successful Retirement*.”

***Capital Concepts Group at HollisWealth is committed to helping you achieve your  
Successful Retirement. Call us.***

Suite 1030- 4720 Kingsway, Metrotower 2, Burnaby, BC V5H4N2, (604) 432-7743, [info@capitalconceptsgroup.com](mailto:info@capitalconceptsgroup.com)

This article was prepared solely by Chad Ekren who is a registered representative of HollisWealth™ (a division of Scotia Capital Inc., a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada). The views and opinions, including any recommendations, expressed in this article are those of Chad Ekren alone and not those of HollisWealth. Capital Concepts and Capital Concepts Group are personal trade names of Chad Ekren. ™ Trademark of The Bank of Nova Scotia, used under license.