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17 Unexpected Retirement Expenses

I wish I could take credit for this list, but I can't. This is from the Society of Actuaries who outlined these unexpected or shocking expenses in its 2015 Risks and Process of Retirement Survey. Here they're ranked by the likelihood of it happening.

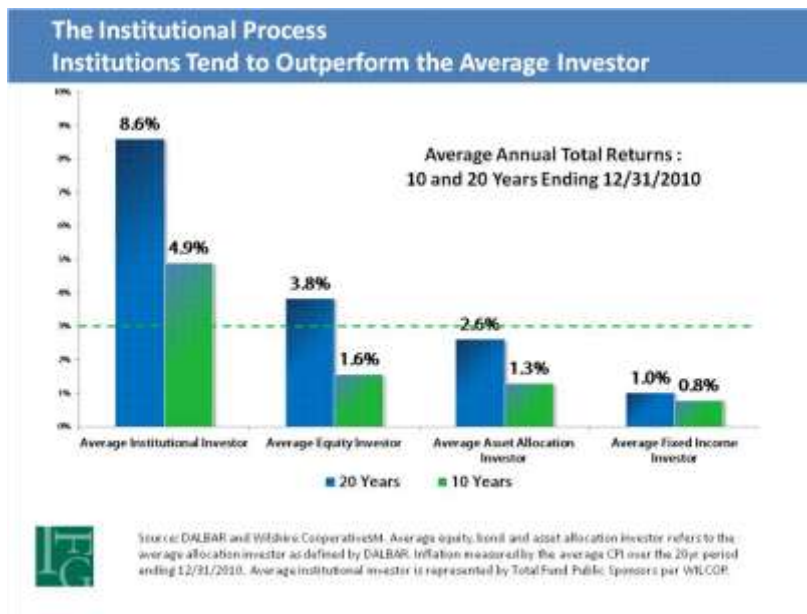
17. Loss of capacity requiring someone outside the household to manage your money.
16. Divorce during retirement
15. Significant damage to or loss of home due to fire or natural disaster
14. Loss of home through foreclosure
13. Bankruptcy
12. Victimization by fraud or scam
11. Loss in total value of savings of 10% or more due to poor investment decisions
10. Death of spouse or long-term partner
9. Family emergency that impacted the ability to spend on other things or used 10% or more of savings
8. Going on Medi-Cal/Medicaid
7. Sudden loss of total value of savings of 25% or more due to a drop in the market
6. Running out of assets
5. Illness or disability that limited the retiree's ability to take care of him/herself
4. Drop in home value of 25% or more
3. Significant out-of-pocket medical or prescription expenses from a chronic health condition or disability that did not limit the retiree's ability to take care for him/herself.
2. Major dental expenses
1. Major home repair or upgrades

Naturally, as a financial planner and wealth management advisor, I've had some experience with both numbers 11 and 7 on this list.

... continued,



As you can see from this chart, which shows both ten and twenty-year results, individual investors tend to underperform the average institutional investor.



Curious, since the media constantly reminds them – rightly – that the average institutional investor can't keep pace with market indexes on a continual basis. What you don't hear is how the individual investor compares to these under-achieving institutional investors.

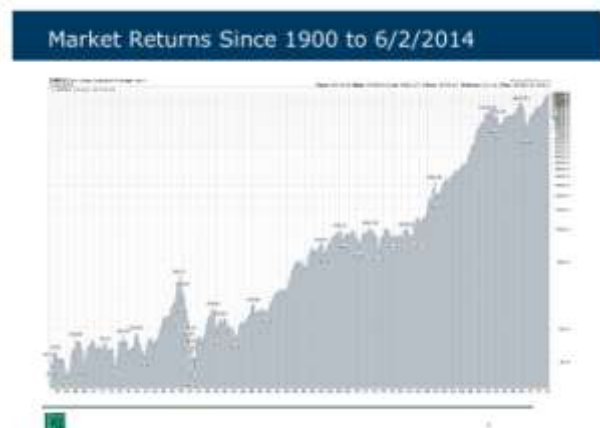
One of the problems, of course, is short-sightedness. Individual investors tend to focus on short-term events,

whether it's short-term history or short-term forecasting. The media, constantly in need-of keeping all eyeballs on the tube, has programmed us into believing these things matter. This type of chart, showing market gyrations from the meltdown through 2014,



As you can see, the choppiness is enough to scare anyone; so, why wouldn't you be afraid of the stock market – I know I would be, if this chart was all I knew.

Most of us, however, should be planning for two lives over three decades. Long-term views make things look differently, as you can see below.



Whether it's the market-meltdowns of yesterday, presidential elections, or any other short-term event, the reality is it doesn't really matter in the long term. Why? Because, simply, it will always be something else tomorrow.

The institutions, referred to earlier, know this. But, they apparently do something most individual investors do not do: They have a process. In fact, it's a formalized process. Individuals, of course, must begin with a master plan. And, that's something all too few are willing to do, while hoping for the best.



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By Appointment Only



***Jim Lorenzen** is a CERTIFIED FINANCIAL PLANNER® professional and an ACCREDITED INVESTMENT FIDUCIARY® serving private clients' wealth management needs since 1991. Jim is Founding Principal of [The Independent Financial Group](http://TheIndependentFinancialGroup.com), a Registered Investment Advisor providing retirement planning and investment advisory services on a fee-only basis. He is also licensed for insurance as an independent agent under California license OC00742. The Independent Financial Group does not provide legal or tax advice and nothing contained herein should be construed as securities or investment advice, nor an opinion regarding the appropriateness of any investment to the individual reader. The general information provided should not be acted upon without obtaining specific legal, tax, and investment advice from an appropriately licensed professional. All images used in this communication are in public domain unless otherwise noted. This survey list appeared in the July 2016 issue of *Retirement Advisor* magazine.*

