Title:
How To Build Retirement Security

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Summary:
Knowing if you have saved enough is just part of retirement security. The other part involves creating an investment scheme that will create income without touching your savings.

If you’re past 40 or in your 50s, things are a little more difficult. It’s difficult to predict the amount of income that you’ll need during retirement. The needs and interest rates are bound to vary during that period.

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If you’re past 40 or in your 50s, things are a little more difficult. It’s difficult to predict the amount of income that you’ll need during retirement. The needs and interest rates are bound to vary during that period.

In an investment plan, the traditional advice of putting your savings in dividend-paying stocks and corporate bonds can’t be relied on anymore. A portfolio like that tends to hurt over time and risk using your savings too soon.

Have enough savings.

To determine if you have saved enough, there are web tools available. Make sure that you understand the assumptions in the tool. You may also hire financial planners to do the numbers for you instead. Look for one that uses the latest income-planning tools. Do not make unrealistic assumptions on the returns of the savings and the investment incomes. Worst, do not make bad assumptions on your spending.

Be prepared for deep and long recessions. Assume that you'll spend at least as much as you do now.

Create a portfolio for both growth and income.

As soon as you have enough saved, you need to set up a system that allows you to put your money into stocks for the long-term, while putting away enough for fixed income.

Many financial planners advise you to place your retirement money into three portfolios.

1. The first portfolio is for expected expenses next year.

2. The second portfolio is for fixed income investment whose income goes to the first one

3. The third portfolio is for stocks that will grow and go into the first two

A constant flow of income can be generated when the fixed-income portfolio is diversified into investments with varying maturity. If you're thinking of how much money to put in, carefully evaluate your risk tolerance and needs. This helps you determine how much to save and how much cash should be available.

This is a critical decision, because it can make or break your retirement.

Try to get the most from your fixed investments. The classic approach is to diversify your fixed-income portfolio. Treasury bills and investment-grade Corp-bonds of different maturities are the most commonly used vehicles.

Here are some alternatives:

1. Treasury bills

2. Corporate bonds

3. Real-Estate investment trusts

4. Convertible bonds

5. Municipal bonds