

A Wish is not a Plan

We all have hopes and dreams for our retirement. But those don't truly become goals unless you have a plan on how to achieve them. We will look at some steps you can take to turn those retirement wishes into goals. Are you familiar with the famous children's book, The Little Prince? According to TheLittlePrince.com, the book first appeared in print in 1943 and since then has sold more than 200 million copies across the globe. It has been translated into 300 different languages and reached more 400 million readers. The story of a grown-up reconnecting with his inner child has resonated with readers all over the world. One of the more famous quotes attributed to the author of The Little Prince applies to our discussion on wishing. "A Goal Without a Plan Is Just a Wish."

For many soon-to-be retirees, retirement may be more of a wish than a goal. They may have hopes and dreams for their retirement but without a proper retirement strategy or plan, they'll remain just that – a hope or a wish. So, how does one turn a retirement wish into a goal? One of the first things you should do is to analyze your cash flow. Do you know how you're spending your income? It can be valuable to sit down and examine your cash expenditures. An easy place to start is to look at how cash entered and exited your account last month.

Gather up your recent bank statements and examine them. It's a good idea to look at several months and then find an average of your spending. Some months will have rare expenditures, like car repairs, or a vacation. It's likely you aren't having to replace your brakes or visit the Caribbean every month. When you look at your previous month's balance sheet, does anything surprise you? Are there charges you didn't expect? With the growth of micro-transactions and the ease of subscribing on your smart phone, it's easy to forget certain transactions or unplanned recurring payments.

The second step is to eliminate existing debt. Wiping out monthly payments for car loans or credit cards can free up more money for retirement saving. There are possibly ways to pay down debt at a faster rate. Perhaps with a lower interest rate credit card or refinancing a loan. You could even decide to postpone a trip or expenditure to eliminate debt instead. In some cases, it may be beneficial to consolidate your debt. AARP.org provides a [Personal Debt Consolidation Calculator](#) designed to help you determine if debt consolidation is right for you. A recent article from The Motley Fool, "[3 Reasons to Start Paying Down Your Debt Now](#)" provides some ideas of why getting rid of debt may be a good option for you. The first reason is that reducing debt today will help you save more for tomorrow. Time is an asset when it comes to your retirement strategy. But it can also be a burden when it comes to debt. It is likely that the amount of return you're making on your investments is less than the interest you're paying on your debt. This type of imbalance will likely lead to negative results in the future. That's not to say you should only pay off debt. Saving a little each month is a great start. But you should work to eliminate debt so that your savings have more impact on your future.

The next step may come as a bit of a surprise. According to the Motley Fool article, paying off debt might even improve your health. Dealing with debt can be stressful. In fact, the medical community has even created a special name for it: debt stress syndrome. It's become a worldwide health challenge. According to ScienceDaily.com and a recent study from the National University of Singapore, "[Debt relief improves psychological and cognitive function, enabling better decision-making.](#)" The findings were published in the journal [Proceedings of the National Academy of Sciences](#) determined that debt has both a psychological and economic impact. Paying off your debt could benefit your mental wellbeing as well as your balance sheet.

The third step is to consider your desired retirement lifestyle. What do you want retirement to look like? Where do you want to live? Will you rent or own your home? How much will you travel? What is on your personal bucket list? Once you have your goals compiled, consider setting up a time to discuss your goals with your financial services professional. Even if you have an existing strategy, this goal exercise can be a valuable tool in making sure your strategy is in line with your intended outcome.

These four steps: analyzing spending, eliminating debt, visualizing your retirement lifestyle and putting your goals in writing are usually not enough by themselves. Your retirement strategy will be constantly evolving and growing as you and your needs and dreams grow and evolve as well. That's why I highly recommend working through these steps and more with a financial services professional. They can help you be accountable to your strategy and provide you with guidance, advice and support along the way.

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