

Financial advice: Common investor mistakes for retirement

Written by By Al Martinez Guest Columnist
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There is no magic bullet when it comes to retiring successfully.

Hard work, meticulous planning, and years of dedicated wealth-building are the main ingredients needed to facilitate a prosperous, enjoyable retirement.

Here are just a few of the things people do that can create lots of frustration, hardships, and headaches later in life:

1. **Waiting too long to start saving:** Survey after survey confirms the fact that most people regret waiting too long to start planning retirement. The majority of folks wait until they are in their late 40's or 50's to start thinking about retirement planning.
2. **Borrowing from a 401(k) plan.** Even if you are several years away from retiring from your job, borrowing from your company's 401(k) is probably not a good idea. Tapping into your 401k often causes people to suspend or reduce new contributions as they struggle to repay the loan.
3. **Believing you can "work 'til you die."** Starting too late to plan your retirement could be the product of another sketchy belief: the idea that you'll be able to work long past retirement and bring in all the money you need to survive.

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Over 50% of Americans polled by financial services companies are certain that they will continue to be employed long past 65, maybe even when they are 80. While this is certainly possible, there is growing evidence that older workers are fast becoming the exception, not the rule. For one thing, age discrimination is far from being an issue from the past. In 2018, AARP did a comprehensive study showing that over 61% of older Americans have experienced age discrimination.

4. Taking on excessive risk in a bid to “catch up.” When people do eventually realize they’ve waited too long to start retirement planning, they will sometimes throw caution to the wind and start chasing after iffy opportunities promising fantastic returns.

5. Forgetting to plan for long-term care needs. Few people are willing to acknowledge that they or a spouse or other loved one will likely wind up needing a skilled nursing facility some day. It’s hard to imagine oneself in that situation, but the stark fact is that about half of all Americans will spend some time in a nursing home. Because Medicaid does not cover these costs, even well-planned individuals can find themselves drained of cash as they struggle to pay for long term care, which has become increasingly more expensive.

6. Cashing out your retirement plan to fund your kids’ college education. You love your kids, and you want them to be as successful as possible. So, it’s tempting to want to borrow out of your retirement to fund their education. Don’t do it! There are almost always alternatives to parents liquidating their 401(k)’s or other retirement plans.

7. Carrying debt, including mortgages, into retirement. Retirement doesn’t mean an end to your financial obligations. On the contrary, you may find things such as utility costs, medical expenses, taxes, home maintenance, etc. actually increase as you (and your home) get older. Unless you are in the minority of Americans who retire wealthy, you are going to need every penny you have to maintain your quality of life.

These are just a few of things that current retirees say they wish they’d known before they decided to retire. Avoiding even one of these mistakes could mean the difference between a retirement filled with regret and one that is peaceful, prosperous and fulfilling.

Al Martinez is a member of Syndicated Columnists, a national organization committed to a fully

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transparent approach to money management.

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