DOWNLOAD PDF THE BIGGEST FINANCIAL MISTAKES RETIREES MAKE!

Chapter 1 : The 20 Biggest Financial Mistakes Retirees Make

Among the biggest mistakes retirees make is not adjusting their expenses to their new budget dependent life. Those who have worked for many years usually find it hard to reconcile with the fact that food, clothing and entertainment expenses should be adjusted because they are no longer earning the same amount of money as they were while in the.

In the previous article, we discussed the 13 biggest money mistakes people make in different stages of their lives. While debilitating, many people who make major money mistakes before retiring still have time to recover from it, and hopefully save up enough for a passable retirement. However, the same cannot be said for retirees who are no longer producing income actively. One major mistake can wipe out the entire retirement fund and ruin years of savings, not to mention a terrible quality of life during your golden years. If they fail the driving test, they can still retake it. Today, let us examine the biggest money mistakes one can make during retirement and how to avoid them. Falling For Fraud and Scams For some reasons, scammers love older adults. A study done by researchers at the Georgia Institute of Technology found that older adults are significantly worse than younger people at detecting whether someone who may have stolen money is telling the truth. Be skeptical when it comes to investments and understand an investment thoroughly before you commit into it. Ask questions and research about it online. Sniff out potential Pyramid and Ponzi schemes , and do not invest if you do not understand fully how the investment works. Cash Out Pension Too Early A financial adviser may persuade you to cash out your pension, perhaps by suggesting that you can put your money into an investment vehicle that promises a higher return. Not Turning Assets into Predictable Income During your retirement, having a predictable source of income is more important than asset appreciation. Many retirees still fixate on investment returns even during retirements. While that is not wrong, you should plan a way to cash out on the investments you have been contributing for your whole working life. Those looking for more security will want to keep a pension or buy a bond that provides a predictable income. Spending Too Much Too Early Cindy Rogers, 49, a retiree from Verizon said she was told by her adviser that an annuity would provide enough income to cover her expenses, with the principal lasting her lifetime. Rolling into Self-Directed IRA Uninformed A self-directed IRA is an individual retirement account that lets you invest in pretty much anything, including real estates, limited partnerships, and gold. Unlike traditional IRA, you are not limited to just stocks, bonds or mutual funds. While it sounds good on paper, rolling into self-directed IRA uninformed can be dangerous. This can expose you to risky pitches and questionable investments. Not Being Tax Efficient During Retirement If you have multiple retirement accounts, you need to realize that each retirement account is taxed differently. As this is a more complicated strategy, you may want get your trusted financial adviser to evaluate your situation and formulate an optimal withdrawal strategy. Supporting Your Adult Working Children It is not uncommon for retired parents to continue to help their children financially, even though they are already working adults. Many retirees make it a habit to provide money gifts to their children in the form of down-payment for a new home, or as college funds for their grandchildren. One child may be worse off than the others, so the retired parents feel obligated to help them more. However, after some time, the parents may feel the need to give an equal amount to their other children out of fairness. The thing is, the retirees are unable to replace their income while the working children can earn more money to cover their expenses. What the retirees can do to help is not to provide the children money gifts, but to instill proper money management mindset for the children to take care of their finances properly. Having Too Much of Your Net Worth in Your House Many retirees have invested much of their net worth in the equity of their home, making them house-rich and cash-poor. A house is generally an appreciating asset, but it costs the retirees too in terms of real estate taxes, utilities, services, home repairs and maintenance. If you are in this situation, consider down-sizing since your children have most likely moved out from the residence. You can free up a significant portion of your equity and invest them into predictable income source such as bonds to supplement your retirement lifestyle. You can also consider taking a reverse mortgage if you are unable to downsize and require some supplementary income. However, you should seek proper counseling and realize that taking up a reverse mortgage and tapping into your equity is not advisable if you plan to leave

your real estate to your family member someday. Applying for Social Security Too Early Although you are eligible to apply for Social Security starting from age 62, you will get a reduced benefit if you go for it right when you hit Keep in mind that the benefit increase is maxed out at age 70, and will not increase further even if you continue to delay taking benefits. Many retirees choose to keep their money in savings accounts, money market accounts and short term certificates of deposit CoD that earn a very low rate of return. Although your money is not subjected to the irrational market swings, your buying power is slowly eroded by inflation and taxes over the years. It is always recommended to keep a portion of your fund in the equity market to take advantage of long term appreciation of the market. Overreacting to Bear Markets Too many investors, retirees included, overreact to bear markets. After suffering huge market losses during subprime mortgage crisis in , many people sworn off equity market altogether. However, in the long run, the equity market recovers and appreciates. For retirees who depend on investment returns to fund their lifestyle, it is naturally not recommended to place a significant portion of their net worth in the equity market. The proportion of investment allocation between equity and bonds can be adjusted as we age. As a rule of thumb, having bond funds with the same percentage as your age is a standard guideline for asset allocation. Having some investments in equity is good even during retirement to boost after-inflation returns. Not Diversifying Investments Properly Some retirees may be awarded a large position in the stock of a former employer and constitute a large portion of their retirement portfolios. Investors who have made money from a single stock or similar risky investments may be reluctant to sell, in order to avoid paying capital gain tax on their profits. Even if the investments are not performing well, many investors are unwilling to sell hoping that it will appreciate soon. Either way, holding on to single stock, or even several stocks and depending on them to fund your retirement is a very risky maneuver. If you use your investments to fund your lifestyle, you should at least diversify your portfolio using low cost mutual funds to minimize your risk. Not Accounting For Expenses Change in Retirement As a retiree, some of your costs go down â€” such as food, clothing and entertainment expenses. You have most likely paid down your mortgage too, so a lot of retirees estimate a very low month allowance during retirement. But many people fail to account for other expenses, such as healthcare and long term care even nursing home for themselves and their spouse.

Chapter 2 : Alert! 7 Biggest Money Mistakes Most Retirees Often Make

"But there's no do-over in retirement, and that's why it's so critical to make good financial decisions." Following are a list of the 13 most common money mistakes financial planners see.

Most of those people majored in journalism or English, not finance or economics. Everyone is different, and every financial strategy needs to be unique. I will get to know you and your financial goals and priorities, then craft a custom strategy for you â€" a unique plan to sustain and enhance your wealth throughout your retirement. Retirement Mistake 2 - Retiring without liquidity or diversity Are most of your assets in one basket? Can you reach in and get them out? You want access to your money in case of an emergency, and flexibility if your retirement goals change. If your assets are tied up in one investment account, trust, or annuity with restrictions and withdrawal penalties, you could find yourself in a panic if you face a crisis. You may end up borrowing from the bank or even from those you love. You may even end up forfeiting control of your money. Do you know where your retirement money will come from? Do you have sources to give you sufficient income? I can show you how tapping your principal can potentially increase the number of years your desired retirement lifestyle will last. Retirement Mistake 4 - Retiring without any real goals Some people retire without the money they need to live well, and without any idea of what they want to do with their lives. Ask yourself â€¦ what should your retirement be? The time of your life? Or just an aged version of today? You should be able to retire without financial anxiety. Why not plan to raise or enhance your standard of living and reduce or defer taxes? You can plan to do both, it is possible. Retirement Mistake 7 - Retiring early only to reduce your Social Security Early retirement may actually reduce your retirement benefits. If you choose to continue working part-time at your company or business, it can cost you in Social Security income. Do you tap your k first, or sell your Treasury bonds? The decision is critical, because taking your distributions in the wrong order could significantly reduce the number of years your desired retirement income lasts. Retirement Mistake 9 - Choosing the wrong beneficiary Fortunes have been lost because someone chose the wrong beneficiary. While you may not have a fortune, you have certainly worked and saved to create a comfortable life, with the intention that your assets will be distributed purposefully after you are gone. Retirement Mistake 10 - Retiring without estate and insurance planning If you pass on estate and insurance planning, your heirs will have even more grief when you pass away. Make this mistake, and you open the door for probate and taxes to take your wealth. You also leave yourself open to family disputes, lawsuits, and the burden of staggering healthcare costs. You should have three vital documents: Life insurance can give your spouse, partner or family financial stability if your life ends. Long-term care insurance can prevent you from spending down your estate. With proper estate and insurance planning, your heirs can defer or even avoid death taxes. They walk away from work with no idea how long their money will last, no clue as to how it should be invested, and only vague ideas of what they want to do. When you get financially complacent, when you just hope or assume everything will be okay, you risk financial jeopardy. Can you imagine running out of money, and leaving nothing to your children? Or worse yet, borrowing from your children or having to move in with them? What do they cost today? Double that or more. Any retirement plan has to take inflation into account. Now consider that U. Retirement Mistake 13 - Making seat-of-your-pants money decisions Spur-of-the-moment financial decisions with your portfolio or retirement plan can hurt you for years to come. You know how it happens: Or you elect to schedule retirement income in the way that makes sense for most people â€¦ but not necessarily for you. This anxious, do-it-yourself retirement planning can leave you confused and uncertain what to do next. You can find a financial advisor â€" someone you can meet face-to-face with, someone who can be a partner in your retirement planning. Retirement Mistake 14 - Handing your heirs tax problems When you pass away, your remaining assets can only go to three places: Where do you want your wealth to go? If you want as much of it to go to your heirs as possible, then I urge you to investigate some tax-efficient estate planning vehicles â€" many of which offer significant tax benefits for retirees. Without good planning, taxes may eat up a significant portion of your estate, and leave your heirs scrambling to pay huge tax bills. With good planning, you may defer or avoid taxes and keep wealth growing for years to come.

If you or your loved ones need that kind of care, how quickly can you free up that kind of money? Well, Medicare will not take care of your long-term care needs. In fact, you may know someone shouldering the cost of long-term care today. Retirement Mistake 16 - Being talked into the wrong investments In retirement, your investments should meet your needs â€" not the quotas of some brokerage firm. This arrangement limits your choices, and the sales pressure taints the whole relationship. Retirement Mistake 17 - Losing a big chunk of your retirement money in one wrong move What will you do with your k assets when you retire? An IRA rollover will give you flexibility when it comes to reinvesting your savings. The good news is that you can plan to avoid this blunder, and other costly mistakes. Take a look at your options when it comes to IRA withdrawals. The way you withdraw your savings may affect your retirement plans, income and quality of life. But change is inevitable. Look in the mirror and ask yourself if anything has changed over the last 15 or 20 years. We all invest to make money. But investing during retirement is totally different than investing for retirement. But when you retire, the goals change. You have two goals: You need to retire with a coherent, long-range strategy, not a random collection of investments. A good strategy will help you determine how much to withdraw from your savings and how to position your assets for continued growth. Retirement Mistake 20 - Retiring without the help of a Financial Professional. Could you be making the biggest mistake of all? The question is not whether you have enough to retire. The new question is:

Chapter 3 : 13 Biggest Money Mistakes Retirees Make

Our base case retirement income scenario was to make $78, gross or $54, net a year in passive income and live a simple life back in Hawaii for the rest of our lives.

It may not seem like a big deal when you pick up that double-mocha cappuccino, stop for a pack of cigarettes, have dinner out or order that pay-per-view movie, but every little item adds up. For more insight, see 15 Simple Tips to Save Money. Never-Ending Payments Ask yourself if you really need items that keep you paying every month, year after year. How to Trim the Fat. Living on Borrowed Money Using credit cards to buy essentials has become somewhat normal. Credit card interest rates make the price of the charged items a great deal more expensive. Credit, Debit and Charge: Sizing Up the Cards in Your Wallet. Buying a New Car Millions of new cars are sold each year, although few buyers can afford to pay for them in cash. However, the inability to pay cash for a new car means an inability to afford the car. After all, being able to afford the payment is not the same as being able to afford the car. Furthermore, by borrowing money to buy a car, the consumer pays interest on a depreciating asset, which amplifies the difference between the value of the car and the price paid for it. Worse yet, many people trade in their cars every two or three years, and lose money on every trade. Sometimes a person has no choice but to take out a loan to buy a car, but how much does any consumer really need a large SUV? Such vehicles are expensive to buy, insure and fuel. Unless you tow a boat or trailer, or need an SUV to earn a living, is an eight-cylinder engine worth the extra cost of taking out a large loan? Unless you have a large family, choosing a 6,square-foot home will only mean more expensive taxes, maintenance and utilities. Do you really want to put such a significant, long-term dent in your monthly budget? For more, see Mortgages: How Much Can You Afford? Refinancing and taking cash out on it means giving away ownership to someone else. It also costs you thousands of dollars in interest and fees. Smart homeowners want to build equity , not make payments in perpetuity. Many households are living paycheck to paycheck, and an unforeseen problem can easily become a disaster if you are not prepared. This is not the position you want to find yourself in when an economic recession hits. Loss of employment or changes in the economy could drain your savings and place you in a cycle of debt paying for debt. A three-month buffer could be the difference between keeping or losing your house. Not Investing If you do not get your money working for you in the markets or through other income-producing investments, you cannot stop working - ever. Making monthly contributions to designated retirement accounts is essential for a comfortable retirement. Understand the time your investments will have to grow and how much risk you can tolerate. Consult a qualified financial advisor to match this with your goals if possible. With the right mindset, borrowing from your retirement account can be a viable option, but even the most disciplined planners have a tough time placing money aside to rebuild these accounts. When the debt gets paid off, the urgency to pay it back usually goes away. It will be very tempting to continue spending at the same pace, which means you could go back into debt again. If you are going to pay off debt with savings, you have to live like you still have a debt to pay - to your retirement fund. People spend countless hours watching TV or scrolling through their social media feeds, but setting aside two hours a week for their finances is out of the question. You need to know where you are to know where you are going. Make spending some time planning your finances a priority. The Bottom Line To steer yourself away from the dangers of overspending, start by monitoring the little expenses that add up quickly, then move on to monitoring the big expenses. Finally, make saving some of what you earn a monthly priority, along with spending time developing a sound financial plan.

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Chapter 4 : 5 of the Biggest Money Mistakes Retirees Make

Retirement Mistake #20 - Retiring without the help of a Financial Professional. According to my records, you're about to retire - and I haven't heard from you. Could you be making the biggest mistake of all?

Check new design of our homepage! WealthHow Staff Last Updated: Oct 06, Looking at the current state of the economy, and the proposed Social Security and Medicare cuts by President Obama, economist Teresa Ghilarducci estimates that half the middle-class workers will be poor or near poor in retirement, and reduced to living on a food budget of about USD 5 a day. To live a fulfilling lifestyle without the support of a paycheck, retirees need to be smart with their finances. The end result - they encounter serious difficulties in getting their money back, and often lose a major share of their earnings due to the various complications involved. Hence, to ensure that their post-retirement time is not spend worrying about money, retirees need to be extremely careful, and avoid the following errors. Being Ignorant about Investments To live a peaceful retirement, most retirees often invest in the stock market. They do that through mutual funds, k plans, or through company-sponsored retirement plans. It definitely is a wise decision to have some part of your earnings in stocks during employment, but as time passes, it is also essential to reassess the money invested, and how much is it worth today. Delaying this simple observation can prove extremely costly, especially in a volatile stock market that is known to offer low interest rates. A heart-warming gesture, but one which not only puts their finances at risk, but also makes the retiree vulnerable to the infinite Ponzi schemes running around the country. Hence, financial experts advise the services of a professional, when it comes to handling finances. Not Following Guidelines when Transferring Retirement Accounts The IRS has strict rules when it comes to transferring retirement money from one financial institution to another, and failure in doing so can result in unwanted taxation. Most retirees ask for their k savings to be sent to them personally, with the intent of depositing the money in their IRA account later, but the IRS considers this as a taxable distribution. The smart thing to do here is to opt for a direct transfer of the funds, so that the tax can be avoided. Underestimating the Age Factor With all the advancements in the field of medicine, life expectancy is growing day-by-day. Ideally, people should start their financial planning at the start of their career, and should invest in a plan that has been designed to provide them long-term gain. According to statistics, most Americans start claiming these benefits as soon as they retire, without realizing that delaying the claim on Social Security can actually increase the percentage of their monthly benefit. Thereafter, these distributions must be taken by December 31st of every year. I think, the best possible way to avoid these mistakes is to have a meeting with a professional, and then weigh the pros and cons. Always remember that making serious money takes years, but one wrong decision can drain all of it in a snap.

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Chapter 5 : 6 Biggest Mistakes Retirees Make - Bluewater Financial Planning

The mistakes revealed in this book will help you shape how you view retirement and how you manage your finances for the next 10, 20, even 30 years. Too many times our eyes glaze over at the myriad of terms related to our finances.

Which Is A Better Investment: Real Estate Or Stocks? For example, my Rich Hot Spouse was there to provide the love she has always provided. Anything more and I classified it as utopia. Although my income grew in retirement, I did NOT change my investment risk profile. Early Retirees Should Invest With More Flexibility If you retire early, know that you have the ability to make more money than you could ever imagine working a full-time job. This surprise is the biggest reason why the fear of running out of money in early retirement is completely overblown. If you have the wherewithal to retire early, you have the wherewithal to lock down your expenses or make a killing pursuing a dream. Because of my complacency and fear of having to go back to work, I proceeded to invest much more conservatively than I should have. I kept reminding myself of the Asian Financial Crisis of , the dotcom bubble of , and the housing implosion of as reasons to stay conservative. The first rule of financial freedom is to not lose money. The second rule of financial freedom is to not forget the first rule! When investing, try to think beyond your own financial situation. In Spring a catalyst for change happened. My 7 year, 4. Originally I was going to just reinvest the proceeds in another 7-year CD, but the best 7-year CD rate I could find at the time was about 2. Disappointed, I decided to look elsewhere. Think about how egregious this move was from a risk management perspective. Yet I had no job, just a feeling that my online business would stay at an elevated level. With this new home purchase in , I figured I could make up for my underperformance the previous three years by taking on leveraged single asset exposure risk, while already having three other properties in the SF Bay Area. It was only through luck, some self-published propaganda , and a bit of foresight that Golden Gate Heights and the western portion of San Francisco turned out to be a region in high demand three years later. When you finally admit that your investment strategy was suboptimal, try not to go crazy by over-investing to catch up. Taking on leverage to invest, co-mingling funds, putting up safe assets as collateral for riskier investment, and aggressively inflating your lifestyle are the main reasons for financial destruction. Instead, slowly increase exposure through at least three tranches over a minimum six month period. There used to be a time when my investments made more money than my income. Therefore, in a bull market with excess cash flow, I should take more risk. You need to talk to someone about your investment plan. Despite being an intelligent, rational human being, investing money is an incredibly emotional and sometimes completely irrational process. We are naturally guided by greed and fear to the point where we go from one extreme to another. Over the long term, talking to a parent, friend, spouse or professional can help you make better investment decisions. Make sure you can properly explain your investment thesis to someone. The Biggest Error For Retirees Poor risk management is absolutely one of the biggest financial errors early retirees make. Steady recalibration is in order. The problem is, even if you come up with an investing system that works for you, it still takes effort to follow your system. For three months in 1H, I was too stressed to think about anything other than my pregnant wife and newborn. Automation is one of the reasons why so many people have done so well investing in real estate. Come hell or high water, some principal will get paid down each month. Automation is why I have no problems paying a marginal fee to a robo advisor. By following this guideline, you are protected from financial calamity while also potentially gaining exposure to higher performing assets that may supercharge your wealth in retirement. You can use Personal Capital to help monitor illegal use of your credit cards and other accounts with their tracking software. In addition to better money oversight, run your investments through their award-winning Investment Checkup tool to see exactly how much you are paying in fees. Personal Capital sample retirement planner calculator. Are you on track? Click to find out. Updated for and beyond.

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Chapter 6 : Financial Mistakes Retirees Make - blog.quintoapp.com

Biggest Mistakes Retirees Make with Their Investments I was reading an interesting article by Jason Heath titled Here are the six biggest mistakes retirees make with their investments. It made me think, but one of my thoughts isn't what you might expect.

In some cases, the mistakes they make has lead to them having a miserable retirement. Here, I go through the 6 biggest mistakes retirees make. Debt Carrying debt into retirement is the biggest mistake of them all. You have to remember that when you retire, your income will be vastly reduced, so any repayments will now take a much higher percentage of your income. Suddenly, those plans to have 4 holidays a year seem further away than ever. If you get to retirement with debt, do the boring thing, use your tax-free lump sum to clear the debt. Giving their money away You get to retirement and you are given a cheque for more money than you have ever had before in your life. It is like a windfall, so of course you are happy to share it with your loved ones. But it is not a windfall. You have saved this money over your working life and it is part of your retirement income. Now, I am not against people helping out their children but you have to figure out how much you need yourself first. When you know this amount, you can then see how much you can give your children to help them out. No plan Most people enter retirement with no plan. What are you going to do in retirement? So, how many holidays do you want to take? What classes do you want to take? Do you want to escape to warmer climates in the winter? Remember, you now have an extra 40 hours a week to fill and all the annual leave you can deal with. All of this costs money and needs to be planned for. It is more likely that most of these expenses will be at the beginning of retirement when you are able to move around a lot. In older age, comfort is more important and less expensive. Inflation It is always there and never goes away. So why do so many people ignore it? Even in these low inflation times, inflation has run at an average of 1. It was an average of 3. It is therefore vital that you ensure that your income also increases each year. Outdated view of retirement This is a very common one. People think the kids will have flown the coup, all the debts will be paid and they will need a fraction of the income they had while they were earning. Kids are moving out of home later or continuing education longer than was planned for. Even if they are gone from the family home, you can rest assured that they will still be a financial strain on you for years to come. People are carrying debt into retirement we discussed that already. As for needing less income? The people I see who are really enjoying their retirement are spending more now than when they were working. They have all this spare time and places to see. Afraid of investment risk A lot of retirees now chose to manage their own retirement fund in an Approved Retirement Fund ARF insead of buying an annuity off an insurance company. While there is risk in investing in equities, they are the best performing long term asset class. Having a portion of your fund invested in equities and bonds as well as cash will diversify your portfolio and in the long term, your fund will outperform deposits. It is important to strike the right balance, that is where your financial planner can advise, but leaving it all in cash will only eat away at your fund.

Chapter 7 : One Of The Biggest Financial Mistakes Early Retirees Make

10 Worst Mistakes People Make After Retirement 2) Failing to Move to More Conservative Investments Once you have retired, you can't afford large negative swings in your savings.

LinkedIn The financial industry and media focus a lot on investing. People want to know if stocks are going to go up or down. Is the Canadian dollar going to strengthen? Should they buy Bitcoin? I have no interest in security selection or market timing myself. These are grey areas and I prefer to focus on black and white. I do not sell investments, but I spend a lot of my time talking to investors and investment advisors about them. There are lots of mistakes that investors make, but there are six common ones I observe specifically with retirees. You buy a stock and receive a steady quarterly payment that generally rises over time. Some retirees would buy these 11 stocks and call it a day. Besides not being well diversified, there are other problems with this approach. Companies that do not pay dividends may be equally profitable, but their board of directors may decide to reinvest the profits in the business, leading to future growth or future dividends. So, a company that does not pay out a dividend or pays a lower dividend may provide more of its return to an investor in the form of future capital gains, stock price increases or dividends. Dividend yields alone do not make one stock a better investment than another. From a taxation perspective, in a taxable non-registered account, capital gains are only 50 per cent taxable and tax is only payable once capital gains are realized when a stock is sold. Dividends, on the other hand, are taxable every year as an investor receives them. Capital gains may therefore allow for better tax deferral and even better tax efficiency in non-registered accounts, although at low levels of income, Canadian dividends may be taxed at a lower rate than capital gains during a given year. The point is there are different ways to earn a return. You can create your own dividend by simply selling appreciated investments over time as you need the income. There is also research that suggests that smaller companies that pay lower dividends or no dividends may generate higher all-in returns than established dividend paying stocks over the long run. Try to avoid accumulating a portfolio of bank stocks, pipelines and telecoms simply because they have high dividends. Everyone else knows they have high dividends too so buying them is not somehow outsmarting the stock market or other investors. Reluctance to realize Capital Gains Capital gains can be a bit of a trap. Investors buy stocks, sometimes hold them for a long time and often end up with large deferred capital gains in taxable non-registered accounts. The result may be that tax deferral becomes more important than prudent investing. The benefit of tax deferral â€" which is not like tax savings and is only temporary â€" may be offset by a poor investment strategy. Seeing as how capital gains will need to be realized eventually, whether to help fund retirement or at the very least at death when you are deemed to sell all your assets, a strategic realization of capital gains may be better than indefinite deferral. Particularly for those who retire early, taking RRIF withdrawals long before age 72 should be considered. RRIF withdrawals are fully taxable and if a retiree has a low income in their 60s, but a high income in their 70s, they often end up paying more lifetime tax by deferring their RRIF withdrawals. The reason is two-fold in my opinion. I suspect most people simply assume they are supposed to fill them out and just start their pensions at 65 by default, without much foresight. Another reason is that most people would rather preserve their investments by starting their pension incomes than draw down their investments and delay their pensions. For those who expect to live a long life into their 80s, deferring their CPP and OAS and withdrawing from their investments may be advantageous and provide more retirement income in the long run. They are both meant for saving, investing and retirement. Statistics show most money in TFSAs is in cash instead of invested. This may be a mistake for retirees who hold cash in their TFSA. Another mistake I notice is that people may forego TFSA contributions in retirement because they feel they do not have the cash flow to make contributions. They are in drawdown mode, so how can they contribute to their TFSA? If retirees have non-registered savings, they would be wise to shift money to their TFSA each year to make their annual contribution. And as stated previously, early RRIF withdrawals often make sense for retirees and may generate the opportunity to contribute to or at least preserve TFSA savings. This may not be the best approach. I think it is important to look at which accounts you will be drawing from and when to try to determine asset allocation and where to

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hold more conservative investments versus more aggressive ones. Different investment income is taxed differently as well, so tax efficiency is also important when determining where to hold what. It can also be very taxing to hold more conservative investments in a taxable non-registered account or a tax-free TFSA account, while holding stocks in a registered account. One of them was in GICs earning two per cent and the other in stocks earning six per cent. Would you rather the larger account be your tax-deferred RRSP account, where your withdrawals are per cent taxable to you, or would you prefer that growth in your more tax-efficient accounts? In a TFSA, those withdrawals would be tax-free and in a non-registered account, capital gains are only 50 per cent taxable, with the other 50 per cent tax-free. I do not know whether stocks are going to go up or down in I am not sure what is going to happen with the loonie. And I must admit that I do not really understand Bitcoin, nor do I know how much it will be worth a year from now. But what I do know is that retirees make a lot of avoidable mistakes with their investments. There are plenty of competing factors well beyond our control when we invest. I like to focus on the things I can control and so should you.

Chapter 8 : The 20 Biggest Mistakes that Retirees Makeâ€¦and How to Avoid Them

Here are the six biggest mistakes retirees make with their investments Jason Heath: There are lots of mistakes that investors make, but there are six common ones I observe specifically with retirees.

Chapter 9 : Retirement Mistakes You Will Regret Forever

In a recent post, I wrote about five financial mistakes that I've seen Baby Boomers make time and blog.quintoapp.com upside? New tools are making it easier than ever to avoid these missteps. But beyond.