

## P R O F E S S I O N A L F O C U S

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#### What percentage do you use to calculate wage replacement ratio?

Perhaps surprisingly, I've noticed many potential retirees have done their homework in this area. Many have already put pen to paper and have a general idea of their expenses. For those who haven't, I typically back into the number preparing a budget. One thing for certain, there is no set percentage rule of thumb. When it comes to spending habits (regardless of income), we're all unique.



#### How do you determine life expectancy for retirement planning?

That's a tricky one. No one knows for certain when their final day will come. One of my best friends died in a car accident when I was in high school, whereas a client of mine recently turned 97 years old. It's ironic, as my friend thought he would live forever, my client never envisioned living past 80. Both were wrong. With that being said, I typically consider three things: actuarial tables, the client's health, and longevity in their family.

#### What are your expectations (and your clients') of Social Security?

What I've found is that most people at or near retirement age feel pretty confident in maintaining their benefits. However, younger folks seem to already consider Social Security dead in the water. I certainly wouldn't rely on benefits, and banking on any government assistance is never a wise strategy.

#### Do you help your clients determine their appropriate ages for retirement?

I'm a firm believer that working as long as physically possible is a good thing. Enormous research supports this. My answer for the appropriate retirement age would be "never." While not everyone embraces that philosophy, you just can't argue with the data.

#### What qualitative issues do you discuss with your clients prior to retirement to make their transition into retirement smoother?

The key is being mentally prepared and having a plan for life at retirement. I always suggest if they do plan on retiring to try and find another place of employment prior to leaving their current employer. My point is that a part-time job can keep some money flowing into their pocket (which dramatically decreases the chances of them running out of money), keeps their mind and body active, provides for a sense of purpose, and significantly decreases their chance of an early death. Human beings just weren't designed for a lifetime of leisure, so in other words, I typically try to talk them out of retiring. It's like Shakespeare said, "Leisure is a beautiful garment for a day, but a horrible choice for permanent attire."