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Signature Estate & Investment Advisors LLC
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"What will I need to protect my standard of living in retirement?"

By Jennifer Kim

Every investor's situation is different, so what you will need to protect your standard of living depends on a variety of factors beginning with your financial situation, followed closely by what you consider an acceptable lifestyle.

That said, it may help to know that the traditional approach to retirement planning assumes your spending will have to increase consistently to keep pace with inflation. Another assumption: To avoid progressively higher withdrawals from your "nest egg," you should save as much you can during retirement. But the reality of retirement spending calls for a more realistic calculation of future retirement benefits and investment strategies.

For example, most retired couples do their biggest spending between the ages of 65 and 75. They spend heavily on travel, on items purchased for pleasure and on "doing all the things we've always wanted to do." From 75 to 85 this type of spending throttles back. Most individuals want and need less, and the physical realities of aging limit what retirees can do.

One financial planning approach, the "age-banded model," employs a more realistic age-based retirement spending pattern that protects your standard of living by acknowledging that your way of living is going to change. This method separates your retirement funds into three separate accounts that can be withdrawn during the three different 10-year time periods—age bands—of your retirement.

Your planner estimates the projected retirement savings you would need, then determines suitable investment allocations and strategies for your age-specific portfolios. **By using the forecasted retirement income from your personal savings and other assets, a realistic expected income stream can be formulated.** Life insurance and annuity products may also be purchased to replace any loss or shortage of income, should one spouse pass away.

Health-care and long-term care expenses can substantially reduce any retirement savings. An advanced health-care directive and trust should be established early in your retirement to help with future decisions regarding your health and estate issues.

The first step in utilizing the age-banded method is to make a realistic appraisal of several factors that will affect your plan. You can do this by asking and answering several questions.

For example, are the mortgages on your primary and secondary residences paid off? If you answer yes, literally everything else, as the saying goes, is icing on the cake. If not, you have to include mortgages as part of your overall expenses.

The next question to consider is, what are your current overall expenses, including upkeep of homes, your daily living expenses, etc.? Will any decrease or disappear when you reach retirement age? A prime example: underage children becoming independent adults.

What are "all those things you have always wanted to do"? Again, you will most likely do most of them in your first "age band" of 65 to 75, so you need to make the resources available.

If you engage in philanthropy, will you increase or decrease it as you age, and if so, during which of your age bands? Or, if philanthropy is one of the things you have longed to do, in which age band will you initiate it?

Have you planned for health care in each age band? After 75 and certainly after 85, there are numerous considerations, from assisted living to daycare to prescription drugs. If the "standard of living" you want in the latter stages of your life, includes exclusive facilities, private nurses, etc., $20,000-plus per month is not even on the high end of what care may cost.

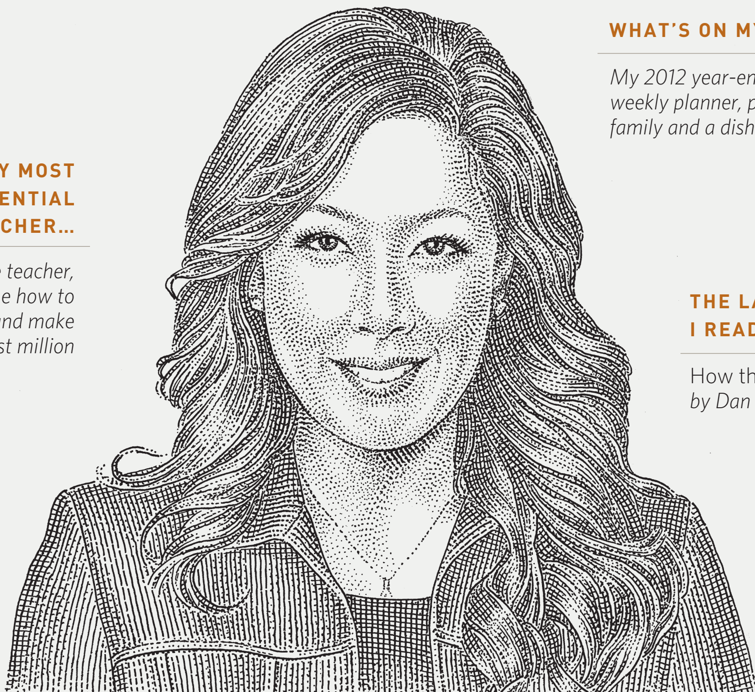
In sum, what you will need to protect your standard of living is a method that plans realistically for the very different needs of each stage and age of your retirement.

"The 'age-banded model' employs a more realistic age-based retirement spending pattern that protects your standard of living."

—Jennifer Kim

How to reach Jennifer Kim

Please call my office at 310.712.2323 to schedule a meeting, either over the telephone or face to face.



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My 2012 year-end goals, my weekly planner, pictures of my family and a dish of M&M'S

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About Jennifer Kim

Jennifer Kim is a partner with Signature Estate & Investment Advisors, LLC (SEIA). Mrs. Kim received her bachelor of arts degree in economics from the University of California, Los Angeles (UCLA) in 1992. She has been in the securities and insurance business since 1993, and she specializes in investment and wealth management for affluent individuals and corporations. Mrs. Kim is a certified financial planner (CFP) professional. She completed the chartered financial consultant (ChFC) and chartered life underwriter (CLU) certifications through the American College. Mrs. Kim also completed the Chartered Mutual Fund Counselor (CMFC) Education program. Mrs. Kim lives in the Hancock Park area of Los Angeles with her husband and four children.

Assets Under Management
$170 million (Kim)
$2.3 billion (firm, as of 6/30/12)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
$1 million (investment services)
$5 million (Private Client Group)

Largest Client Net Worth
Confidential

Financial Services Experience 19 years

Compensation Method
Asset-based, fixed and hourly fees

Primary Custodians for Investor Assets
Charles Schwab & Co. and Fidelity Investments

Professional Services Provided
Estate and legacy planning, retirement planning, philanthropic and family foundation management, investment management

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ILLUSTRATION BY NANCY JANUZZI

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