

# FINANCIAL FRIDAYS nymeo Federal Credit Union

## The Top 6 Myths About Saving for Retirement



### Myth #1: How much should you save for retirement?

When it comes to retirement savings, many will randomly choose a number and make it a goal. Also, a common thought is if you withdraw only 4% from retirement savings each year, you'll have enough to last a lifetime. There is no one right number for either.

Figuring out the best retirement plan and withdrawal strategy should be as unique as you are, considering your current finances, future income, goals, and dreams.

What's more, your plan and withdrawal rate may change as your circumstances change. Financial advisors can help you calculate — and recalculate — what retirement savings goals are right for you and your retirement savings withdrawal strategy.



### Myth #2: Medicare will cover my health care needs.

While Medicare can be a godsend for doctor visits and hospitalization costs, it does not cover most long-term care needs such as extended nursing home stays, assisted living and many types of home health care.

In fact, the average couple age 65 with median prescription drug expenses needs to save \$265,000 to have a 90% chance of having enough for health care expenses in retirement, according to the Employee Benefit Research Institute. That's why keeping health care costs in mind is a vital part of retirement planning.

### **Myth #3: I won't be able to depend on Social Security.**

Surprisingly, according to Ameriprise Senior Economist Russell Price, Social Security is more secure than people think. Adjustments made to Social Security back in 1983 have improved the program's long-term viability.

Of course, you shouldn't count on Social Security payments to cover all your retirement needs. But you can estimate what your payments will be as part of your overall retirement planning and budget. And keep in mind, if you delay Social Security payments beyond your full retirement age up until age 70, you may receive significantly larger checks.



### **Myth #4: I can work if I need or want to.**

Life spans mean more years in retirement and more years working past age 65. Remember, however, that half of all early retirements are due to illness or disability. In addition, finding good paying jobs later in life can be difficult. It's best not to rely too much on this income when making retirement plans.

### **Myth #5: I'll spend less and pay less in taxes in retirement.**

You may be spending more in retirement than you think, especially if you are travelling, visiting children and grandchildren, and pursuing new hobbies and activities.

Another related misconception: You'll pay less in taxes now that you're retired. But that assumes you'll have less income. If you end up with the same amount of income in retirement as you had when you were working, you may not be in a lower tax bracket. Keep in mind that you may qualify for fewer tax breaks such as mortgage and college savings deductions. Tax rates also may rise in the future.



### **Myth #6: I'll live in the same place throughout my retirement.**

You may figure that by the time you retire your mortgage will be paid — or it already is — and your housing will be taken care of forever. Moving is often a major part of retirement. You may decide to move closer to loved ones or need an assisted living situation.

**Schedule a Complimentary Consultation with Anna  
& Irene**



**Anna A. Behnam**  
Financial Advisor



**Irene Tata**  
Financial Advisor

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### **How much does a financial advisor cost?**

Your initial meeting with Anna or Irene is complimentary! Depending on your specific need, as well as the complexity of your situation, you may choose to pay for additional options. [Schedule a time to speak with them at your convenience.](#)

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The initial consultation provides an overview of financial planning concepts. You will not receive written analysis and/or recommendations.



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