

Retirement Checklist

Retirement risks refer to the various uncertainties that can affect an individual's financial security and quality of life during retirement. Key risks include market risk, where fluctuations in investment returns can impact portfolio values; longevity risk, which involves the possibility of outliving one's savings; and inflation risk, where rising living costs erode purchasing power over time. Additionally, healthcare costs represent a significant concern, as unexpected medical expenses can quickly deplete retirement savings. Social security and pension risks arise from changes in government policies or funding statuses that may affect future benefits. Effective retirement planning should address these risks through strategies such as diversification, sustainable withdrawal rates, and insurance products to ensure a stable and fulfilling retirement.

	Very Concerned	Concerned	Somewhat Concerned	Mildly Concerned	Unconcerned
Carrying Debt	☐	☐	☐	☐	☐
Ease of Understanding Investments	☐	☐	☐	☐	☐
Health and Cost of Healthcare	☐	☐	☐	☐	☐
Guaranteed Income	☐	☐	☐	☐	☐
Having Control Over Investments	☐	☐	☐	☐	☐
Inflation: Loss of Purchasing Power	☐	☐	☐	☐	☐
Lack of Purpose: Lifestyle Changes	☐	☐	☐	☐	☐
Leaving a Legacy	☐	☐	☐	☐	☐
Longevity: Outliving your money	☐	☐	☐	☐	☐
Market Volatility: Rates of Return	☐	☐	☐	☐	☐
Retiring before 60	☐	☐	☐	☐	☐
Staying in Your Current Home	☐	☐	☐	☐	☐
Taxation	☐	☐	☐	☐	☐
When to draw Social Security	☐	☐	☐	☐	☐

What we're up against: Emotions.

Overconfidence Bias: Investors often overestimate their knowledge and ability to predict market movements, leading them to take on excessive risk or make impulsive investment decisions.

Loss Aversion: People tend to prefer avoiding losses over acquiring equivalent gains. This bias can cause investors to hold onto losing investments too long, hoping to avoid realizing a loss.

Herd Behavior: Individuals often mimic the actions of a larger group, especially in uncertain situations. This can lead to inflated asset prices during a market bubble, as investors follow the crowd rather than relying on their analysis.

Anchoring: Investors may anchor their decisions to specific reference points, such as a stock's historical price. This can lead to misjudgment about its true value and hinder rational decision-making.

Confirmation Bias: Investors tend to favor information that confirms their preexisting beliefs, ignoring evidence that contradicts them. This leads to poor investment choices based on selective reasoning.

Mental Accounting: Individuals categorize their money into different mental accounts, which can result in irrational financial behavior. For instance, they may treat windfall gains differently from regular income, causing them to spend frivolously.

Framing Effect: The way information is presented influences decision-making. An investment described as having a 90% success rate might seem more appealing than one with a 10% failure rate, even though they represent the same probability.

Recency Bias: Investors often place too much importance on recent events or trends while ignoring longer-term statistics or data. This bias can lead to skewed perceptions of market conditions and misguided investment strategies.