

Question: In a recent column you mentioned how a pre-retiree could deal with the mood swings in the stock market. What about us folks who are already retired?

Answer: For pre-retirees and retirees alike, in my practice I developed and employ what I refer to as the “Safe-Money” Benchmark Strategy™. It’s a simple, yet powerful concept, but I’ve found that my clients sleep much better at night knowing this safe-money income strategy has been implemented on their behalf. Here’s how it works.

A few years before retiring, if possible, you should begin to accumulate an amount of money that’s equal to 1-5 years worth of cash withdrawals (based upon your expected income needs). This systematic accumulation of cash is done on purpose so that you have a safe-money source to pull from when the balance of your investment portfolio and the stock and bond markets may be declining in value. Some people want one year of cash on hand. Some people want five years of cash on hand. Everyone’s number is different and that’s okay. It all depends on your comfort level.

Each time your portfolio exceeds a pre-established benchmark; you should systematically harvest the excess money above the benchmark, and put it in cash or short-term bonds (money markets funds, CDs, and/or US Treasury bills). For example, let’s assume you have \$250,000 in your IRA. You could establish \$260,000 as your benchmark. Any time the value of your IRA reaches or exceeds \$260,000, you could liquidate \$10,000 and put those proceeds in a money market fund. The goal is to build up a cash cushion so when you want to take money out, it comes from an asset class (cash), a safe-money source, that isn’t subject to market fluctuation.

Bill’s Bottom-line: You can learn more about the “Safe-Money” Benchmark Strategy™ by investing in a copy of my book, *Retire in a Weekend!* Please visit www.RetireinaWeekend.com.



Bill Losey, CFP®, CSA, America's Retirement Strategist™, has nearly 20 years experience in the financial planning industry and has been interviewed on the CBS Radio Network, CNNfn, and FOX's "Hannity & Colmes". Bill publishes *Retirement Intelligence*®, a free weekly award-winning newsletter that reaches over 5,000 subscribers worldwide, and is the author of *Retire in a Weekend! The Baby Boomer's Guide to Making Work Optional*. Bill can be reached by calling 1-866-786-2521 or online at www.MyRetirementSuccess.com and www.RetireinaWeekend.com.