

Question: I'm retiring next year. Should I make my portfolio more conservative?

Answer: I recently met with a 65-year old retired gentleman who has 100% of his money in stocks. It seemed a little extreme for me at first glance. However, after talking with him about his needs and situation, an aggressive portfolio actually made sense for him. In my opinion, just because you retire does not mean you need to change your portfolio. Certainly, retirement is a triggering event and it's a good time to review your financial strategy, but it isn't mandatory you need to reduce or eliminate your exposure to stocks.

So, should you get more conservative? It depends. How is your portfolio allocated now? Do you own mostly stocks or do you have a lot of money in bonds and CDs? What's your current asset mix or asset allocation? Do you know what your portfolios expected return is? Can you quantify how much risk you're taking with your current portfolio? Are you comfortable with the risk? Will your current portfolio generate enough income to allow you to live the lifestyle you desire? As you can see, there's no quick answer to your question.

For some reason, people automatically assume they need to get more conservative in their portfolio when they retire. It's probably because they read it in a financial magazine somewhere that says all retirees should do it. But, times have changed. People are living longer, healthier lives than their parents did and your money needs to last a lot longer.

Bill's Bottom-line: Your retirement could last for 2-4 decades and most people severely underestimate their retirement income needs. At the very least, you should maintain at least 40% of your money in stocks. You should also ask your advisor if your investment strategy is designed to double your income over the next 20 years. Due to inflation, you'll need it.



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, FOX's "Hannity & Colmes", and Bloomberg Business Radio. Bill publishes *Retirement Intelligence*, a free award-winning weekly newsletter that reaches over 5,000 subscribers worldwide. He offers advice and consulting, money management, and wealth coaching services to women and couples nationwide. Bill can be reached online at www.MyRetirementSuccess.com or by calling 1-866-786-2521.