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What's Your Next Financial Move for Retirement?

Retire with confidence and live your dreams
by Charles Schwab (Paid Content)

Retirement means different things to different people. But whether it's spending more time with family, making travel dreams come true, or keeping busy with projects of the heart (perhaps all of the above), no one wants to worry about falling short financially. And while new research reveals that we'll likely still be saving our pennies and are pressed to make the most of retirement, the reality is, circumstances — health, the economy, life goals — can change. Staying secure requires staying ahead, always prepared for what life has in store.

Here are some key numbers from a 2020 survey of retirees and soon-to-be retirees.

84%

Believe their quality of life in retirement will exceed that of their parents.*

*Charles Schwab Modern Retirement Survey 2020, respondents comprised 2,000 Americans aged 55-75 with at least \$100,000 in investable assets, including retirement savings.

What It All Means

These numbers indicate the Baby Boomer generation hopes saving early for a comfortable and fulfilling retirement. However, a lack of effective planning could vary with those a smidge in the work. So, what can be done to not only guard against potential shortfalls but also ensure that retirement is everything you've always dreamed it would be? "The reality is there's a potential gap between what Boomers have saved and the retirement they're envisioning," says Rob Williams, CFP®, Vice President of Financial Planning and Retirement Income at Charles Schwab. "The good news is those Boomers may have other sources of income like Social Security. However, the only way to be sure the math adds up is to put pen to paper and have a plan in writing. That's a critical step in knowing your portfolio can go the distance."

Why a Written Plan

Putting a plan in writing ensures thoughts for your ideal future add up. The benefits are apparent both before and during retirement. For those still in the workforce, a comprehensive written plan — one that evolves with your specific goals and circumstances — establishes clear targets and goalspost. A plan gives you the confidence to stay the course even when others do not. It will keep you focused on vital aspects of money growth and security, such as savings accounts and portfolio diversification.

Once in retirement, it's more about spending than saving. Having a clear and effective plan that's written out is an invaluable resource for determining how withdrawals will work, with other sources of income like dividends and Social Security. A plan helps you navigate possible changes to your tax situation too.

A Solid Plan

Naturally, the relative simplicity or complexity of individual retirement plans will vary according to specific situations and goals. But several feedback factors should always be considered: Diversed retirement ages, retirement goals, and Social Security expectations are generally good jumping-off points. However, any plan worth its salt should also take into account things like portfolio risk profile, asset allocation, and other potential income sources.

Transitioning from saving for retirement to actually living off that savings is no small consideration. It can be a daunting prospect. To say the least. Yet, whether you're already retired or those days are on the horizon, it's never too late to gain confidence and set yourself up for success. Make a plan and live your best life!

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