DON'T RETIRE BROKE

How much money do you need to retire, and how do you plan to accumulate it?

It is a fair bet that your social security and/or your company retirement plan will not be adequate.

Everyone should make provision for additional savings and an investment program with an adequate growth factor. Poorly placed investment dollars are very destructive to your overall financial plan.

It' s essential that you develop an investment plan with a rate of return (cash return and/or appreciation) greater than the current inflation rate. Failure to do so means that you could have less purchasing power on the date of retirement than the total purchasing power you gave up in all your years of savings.

Consider for a minute the effect of inflation at various percentages over a number of years.

% REDUCTION IN PURCHASING POWER

Inflation	Number of Years				
Rate	1	5	10	15	20
4%	-4	-18	-32	-44	-54
6%	-6	-26	-45	-60	-70
8%	-8	-33	-55	-70	-80
10%	-10	-40	-63	-78	-86

Note that the loss in purchasing power at 8% for ten years is 55%. This means that in ten years, one dollar will buy about forty-five cents worth of goods if inflation averages 8%.

This loss in purchasing power affects not only the retired person on a fixed income but also the individual trying to accumulate assets for future retirement.

Since permanent and total disability could be the one factor which keeps you from carrying out your financial plan, see that you have a good disability insurance program. The chances are substantially greater that you will be disabled before retirement age than they are of your dying before that time.