Single Best Piece of Advice

By Nanci Hellmich

Saving and investing for retirement is a marathon, not a sprint. You have to plan for it, work at it and, if possible, get help from investment professionals.

So say three CAPTRUST financial advisors who have given a lot of thought to retirement planning. Beryl Ball Richmond, Virginia; Steve D. Wilt, of Akron, Ohio; and Dan DiGiacomo of Orlando, Florida offer some smart ways to prepare financially for your golden years.

Q: Whatâ€™s the best retirement planning advice youâ€™ve ever been given, how did you follow through on it, and why did it work?

Ball: The best advice Iâ€™ve ever been given from a financial perspective is â€œDonâ€™t be a do-it-yourselfer.â€• Although I am a financial professional who helps set up retirement plans for companies and nonprofit organizations, I still need individual investment guidance and advice from someone who is thinking about it 100 percent of the time. I need someone to help guide me through the difficult decisions.

I have always had someone help me. I have spent time trying to figure out who is the best person to do that by getting recommendations from people I know and trust and interviewing financial planners to see if my thoughts and theirs are on the same page. And, Iâ€™ve checked credentials and made sure I know the organization and how they do business. I want to feel a sense of trust and confidence. If someone can make a little bit better decision for me, then itâ€™s worth paying for because that makes a big difference in the long run.

Wilt: The best advice I was ever given was to have a financial plan. I review mine annually. I take a look at where I started the year and where I finished it. I look at my insurance, estate planning, and college planning for my kids. Iâ€™ll go through each piece of my financial life and then decide whether to continue doing what I am doing or revise it.

DiGiacomo: Donâ€™t look at your retirement balance every day. Understand your time horizon and realize this is a bucket of money that is going to be used 10, 20, 30 or 40 years from now. Looking at it that way, you can worry less about the ups and downs of your investments and wonâ€™t feel like you have to react to short-term volatility in the markets. If your retirement is 10 or more years away, any sell-off in the markets is great buying opportunity. It is also important to remember that even in your retirement, a portion of your investments should be allocated to achieve a longer-term rate of return, as you will need that money to last throughout a lifetime.

Q: What is a financial mistake that you made at age 23, and how would you do things differently in hindsight?

Ball: In the list of things I wanted to accomplish over time, I didnâ€™t write down â€œsavingsâ€• as one of them. I started getting serious about saving when I began having kids in my early 30s. Thatâ€™s when I realized I needed to save because, if I did, then I could do something for someone else.

Wilt: I didnâ€™t contribute enough to my 401(k) to get the company match, and that was a big mistake. At the time, I didnâ€™t think I could afford it. I know now I could have and should have found a way to do it.

DiGiacomo: I wasnâ€™t in a retirement plan when I was 23. Thatâ€™s the biggest mistake I made. Everyone said to save and the earlier I got involved the better it would be for my future, but I didnâ€™t listen. I probably didnâ€™t start saving until I was almost 30. Itâ€™s a huge regret and missed opportunity.

Q: Whatâ€™s a clever piece of financial wisdom that youâ€™ve heard?

Ball: My husband always told my son: â€œDonâ€™t turn a romantic disaster into a financial disaster.â€• In other words, donâ€™t buy expensive pieces of jewelry for girlfriends you may never see again.

Wilt: To paraphrase a Charles Dickens quote, spending less than you earn results in happiness; spending more than you earn results in misery. That really hit home with me. At a very young age I had debt; the stress of that is more than anyone needs. Learning to live within your means is really the key to financial happiness.

DiGiacomo: People have told me, and Iâ€™ve told others that thereâ€™s an emotional component to investing that canâ€™t be solved with a formula or model. You have to understand what you can handle and take into consideration your specific tolerance for risk. Itâ€™s very personal.

Q: What do you recommend folks do if they are behind in their retirement savings?

Ball: Spend time with a professional, sit down, and say, â€œHereâ€™s where I want to be in five years and 10 years. What do I need to do to get there?â€• And then take the professionalâ€™s advice, which may mean cutting back on some things, saving more, or changing the way you are investing what you have. A professional can offer you new ideas that you may not have thought of on your own.

Wilt: First, get a plan together to assess what you are spending and how you can increase your savings. Second, assess whether you are going to need to work longer, and find a way to do that happily. Maybe itâ€™s not going to be at the same job. Third, adjust your expectations of what retirement is going to look like for you. We see a lot of people finding a part-time job that they enjoy to supplement their savings in retirement. A job also keeps people busy and connected.

DiGiacomo: Review your budget and find ways to save more money. The number-one thing you can do is to dedicate a larger percentage of your income to savings, because it is extremely difficult to make up a shortfall by trying to achieve a higher rate of return. But if you save more money, as little as one percent more of your annual income every year, youâ€™ll dramatically increase your chances of success over time.

Q: What else would you like people to know about saving and investing for retirement?

Ball: Itâ€™s a marathon, not a sprint. There are going to be times when things donâ€™t go well, whether itâ€™s dips in the economy that you canâ€™t control or a particular investment that looked good but didnâ€™t turn out so well. To end up where you want to be, you have to take a long-term view.

Wilt: You need to ask yourself: â€œAm I saving the right amount, and am I taking the right amount of investment risk?â€• You canâ€™t control how much your company matches. You canâ€™t control the markets. The only thing you can control is how much you save. If you save four percent, you are going to have one number when you retire. If you save eight percent, you are going to have twice as much. So saving as much as you can throughout your working life will have the biggest impact on your retirement success. If you are nearing retirement and already have saved enough, then be careful about how much risk you take.

DiGiacomo: There is no silver bullet. There is no one-size-fits-all answer. You have to assess your own circumstances. When planning for retirement, look at the whole picture including your retirement plan at work, your home, other savings and assets, pension plans, potential inheritance, plus your spouseâ€™s pensions and savings. And if you are seeking help with investing, make sure the person youâ€™re working with has your best interests in mind.

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948, or schedule an appointment with a retirement counselor today.

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