

Implement and monitor your retirement plan



Steps in retirement planning

1. Assessing your current financial situation
2. Define retirement goals
3. Determine spending needs and income
4. Choose best investments to boost your retirement
5. Implement and monitor your plan

Create personal finance systems

- Avoid indecision
- Minimize stress
- Increase efficiency
- Reduce temptation

Financial start-up: 5-10-85 budgeting rule

- Maximum 5% of income for insurance
- Minimum 10% of income for savings
- Maximum 85% of income for expenses

Financially secure: 5-15-20-60 budgeting rule

- Maximum 5% of income for insurance
- Minimum 15% of income for savings
- Minimum 20% of income for investments
- Maximum 60% of income for expenses

Financially sustainable: 5-35-60 budgeting rule

- Maximum 5% of income for insurance
- Minimum 35% of income for investments
- Maximum 60% of income for expenses

Automated banking

- Enroll bills payments for credit card, utilities, insurance
- Set up auto transfer from your payroll bank account to emergency bank savings account
- Automatic transfers from bank account to investment account
- Link bank account to pay credit card

Other systems

- Ask employer to remit a percentage of your salary to your Pag-IBIG MP2 account directly
- Bring budget for shopping or going out as cash, when this runs out, no more spending
- Always pay credit card balances in full
- Implement a 7-day rule for major purchases

Unexpected/Irregular income

- Maximum 50% enjoy spending
- Minimum 50% save and invest
- BOLO: Balance of Luxuries and Obligations

Communicating financial plan for buy in

- Engage in collaborative planning
- Clearly articulate the reasons behind your financial plan
- Highlight mutual benefit – to ALL involved
- Keep communication open and regular
- Celebrate success together

Implement now!

- Do not delay
- Set clear dates or frequencies
- Make person/s responsible accountable

10 commandments

for retirement

10 Commandments for retirement

1. You shall retire when you want
2. You shall plan for retirement early
3. You shall have a house
4. You shall have a budget for basic needs
5. You shall have a pension or passive income

10 Commandments for retirement

6. You shall have appropriate insurance coverage
7. You shall get out of BAD debt
8. You shall be independent
9. You shall fix all inheritances before you die
10. You shall leave a legacy behind and have lots of fun!!!

10 Commandments for retirement



bit.ly/SirVinceCommandRetire

Retirement Myths

**Myth 1:
Retirement is
about age**

Myth 1: Retirement is About Age

- Retirement age \neq Financial retirement
- You can plan your age of retirement at any age of your choice

Myth 1: Retirement is About Age

- Have enough passive income to cover expenses until death
- You are able to choose what you want to do when you are financially retired

Myth 1: Retirement is About Age

- Key in retirement: know who you are – put a price tag to your lifestyle

**Myth 2:
Retirement
planning is done
later in life**

Myth 2: Retirement Planning is Done Later in Life

- Best time to start retirement planning is as soon as you join the workforce
- If you fail to plan early you will most likely die poor

Myth 2: Retirement Planning is Done Later in Life

- Provide maximum contribution to retirement plans early
- Follow 5-15-20-60 rule

Myth 3:
My children are
my retirement
plan

Myth 3: My Children are My Retirement Plan

- Parents should not expect their children to carry the financial burden of taking care of them
- Practice family planning

Myth 3: My Children are My Retirement Plan

- Retirement plan composed of:
 - Pension
 - Health fund or health insurance
 - Emergency savings
 - Portfolio that generates passive income

Myth 4:
**The best time to
start a business is
when I am retired**

Myth 4: The Best Time to Start a Business is When I am Retired

- Risk and age are inversely proportional
- Establishing a business requires time and energy

Myth 4: The Best Time to Start a Business is When I am Retired

- At this age you can:
 - Use money outside of your retirement fund
 - Consider being an advisor or a board of director
 - Pursue a hobby instead

Myth 5:
**All retirees need life
insurance**

Retirees need life insurance if they have...

- Children less than 21 years old
 - Grandchildren are not your dependents
- Dependents
 - Physically/mentally challenged children, spouse or parents

Retirees need life insurance if they have...

- Debt that will be passed on to spouse or estate
- Spouse is not self-sufficient (may be sick etc.)



If you **fail** to plan
you **plan** to fail



ANG PAGYAMAN, NAPAG-AARALAN AT NAPAGTUTULUNGAN

