# How to Find the Retirement Strategy That Works for You

**You want a retirement strategy that's based on your situation and designed for your needs and your comfort level, rather than relying on a one-size-fits-all approach.**

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Feeling overwhelmed by the dizzying array of retirement advice that seems to be all around — on the internet, in your mailbox, in the news or from a neighbor or relative? Have you ever been to a seminar or met with a financial adviser and felt like you were a square peg being forced into a round hole?

Sometimes people sound awfully confident when they tell you exactly how you should invest, as if the strategy that worked for them or someone they know should work in exactly the same manner for you. But that's simply not the way **retirement planning**[1] works. Not every retiree is comfortable with the same strategy or is even in the right position to use the same strategy. Sometimes that's because of the value of their assets. Other times, it could be related to their personality.

Generally, people on the wealthier end of the financial spectrum are better positioned to take investment risks in retirement because they aren't as concerned about running out of money. They can use a portion of that wealth to pursue big gains in the market knowing that, if they experience losses instead, they will still be OK. The bills will get paid, and their general lifestyle won't miss a beat.

They are the outliers.

The average person isn't as well positioned to sail through retirement without a few concerns. In fact, most people face what you could call a constrained retirement — they are limited in what they can do, and they can ill afford to suffer big losses. They need to make the most out of every dollar — to figure out a way to avoid waking up someday and discovering that their bank accounts and their savings have run dry.

## THERE IS NO RETIREMENT STRATEGY THAT WORKS WELL FOR EVERYONE

So, with such a range of financial situations, how do you land on a go-to strategy that works well for everyone? In short, you don't, although sometimes people try.

Many people still go by the **4% rule**[2], which says if retirees withdraw no more than 4% from their savings each year, they could likely make it through a 30-year retirement without running out of money. That number is a rule of thumb that continues to be debated.

In truth, instead of the one-size-fits-all approach, there are a number of strategies or styles that retirees and their financial professionals might employ, depending on each person's situation and preferred approach. Here are four examples:

**Diversified investments without locking yourself in.** Some people want a **diversified portfolio**[3], but one that also gives them plenty of optionality and flexibility. They don't want to get locked in to a particular type of product or investment, such as an annuity that requires a contract.

These people are relying on growth in their portfolio to pay for their spending, and they like to keep their options open for how that growth will happen.

**Diversified investments with a safety net.** Some like a hybrid approach, combining flexible investments like the above but coupled with an optional safety net. Perhaps the safety net is a buffer of protection from large market losses or the ability to turn on some form of lifetime income in the future.

Or maybe it's both. These are optional features that may be adjusted down the road.

**Steady income without undue risk.** Some people are most concerned about covering the essentials of living — all of those bills that come due each month, such as shelter, groceries, a vehicle, insurance and funds for unexpected expenses and emergencies. They are the ones who probably worry the most about running out of money, and they aren't keen on placing any of it at risk.

In that case, the solution is to find a way to create a regular and dependable lifetime income stream, such as through a combination of fixed **annuities**[4] and their **Social Security**[5].

**Bucketing or time segmentation.** Some people may prefer a time segmentation or bucketing approach. This strategy may appeal to those who desire some safety but also want to keep their options open down the road.

With this strategy, three to perhaps seven segments are established, each set up for a number of years.

For example, perhaps there are six five-year buckets established. The nearer term the bucket, the more conservative the investment strategy. The longest-term bucket is invested the most aggressively.

Do you see yourself in any of the people described in these scenarios? Or are you a slight variation of one? These examples illustrate why not every strategy is right for every person. Your financial situation, personality and retirement goals all come into play.

When all is said and done, you want a strategy that's designed for your needs and your comfort level rather than a cookie-cutter solution that doesn't take the individual into account.

This is why it is so important to work with a financial professional who is agnostic, not preferring a particular device or system. The professional should have experience with and access to all types of products and services available in the financial marketplace. And it is equally important that the **financial adviser**[6] has a process to help the investor determine what style or strategy best suits them.

*Ronnie Blair contributed to this article.*

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## SOURCES

[1] *https://www.kiplinger.com/retirement/retirement-planning*

[2] *https://www.kiplinger.com/retirement/retirement-planning/603854/whats-your-retirement-number-dont-just-go-by-the-4-rule*

[3] *https://www.kiplinger.com/investing/ways-to-diversify-your-portfolio-during-a-recession*

[4] *https://www.kiplinger.com/retirement/annuities*

[5] *https://www.kiplinger.com/retirement/social-security*

[6] *https://www.kiplinger.com/personal-finance/how-to-find-a-financial-adviser'*