



Retirement planning for the lifestyle you love

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The ability to enjoy the lifestyle you love when you reach your retirement age is a noble goal and one that may be attainable with proper planning. I am going to share a key concept behind the great transition from your income-earning years, or “accumulation” phase of life, to your retirement years, or “distribution” phase of life.



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For many, the accumulation phase starts in their mid-20s as they begin working, saving and growing their assets with the anticipation of retiring someday. Retirement is generally characterized by accumulating a certain amount of money by your full retirement age. This 40-plus year accumulation period is more critical than ever because most individuals entering the workforce today do not have the luxury of a pension.

Reaching retirement can be compared to the climb from base camp to the summit of Mount Everest. This is an extremely dangerous climb requiring years of preparation, training and an immense amount of financial resources. The ultimate goal for every climber is to reach the summit of this 29,000-foot beast of a mountain.

Like the climber who reaches the summit of Mount Everest, once you reach your retirement, the real danger lies ahead. Many people focus their time and energy on the hard work of accumulating a certain amount of assets by a certain age to reach their summit of retirement. But the crucial question now is whether or not they have a plan in place that gets them safely back down the mountain.

There is a popular saying that “cash is king.” However, that is not accurate. In reality, “cash flow” is king!



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For example, if you have a million dollars saved for your retirement, that might sound like enough money. But, if it’s in a savings account that is earning you a 0.01% interest, and you withdraw \$60,000 a year to live on, you will run out of money in less than 17 years because you have been spending down the principal with little to no cash-flow to generate more income and growth.

The focus for retirement should not be only on accumulating assets, but it must also include a plan for how you will convert that cash asset into enough cash flow to support your retirement lifestyle.

When considering how to convert cash into cash flow, there are some important questions to consider. How do I make sure that the cash flow will increase to keep up with inflation? Will I receive that cash flow in a tax-advantaged way? And how can I create cash flow in a diversified way without taking a lot of market risk?



There are various places a million dollars could be invested, from the stock market to fixed annuities. However, if you invest conservatively, you may not be able to earn enough to support your cost of living, and you could end up spending down the principal. Guaranteed interest products like fixed annuities have a lower earning potential. If you withdraw more than 10% of the principal amount in a given year, you may be forced to pay penalties.

On the other hand, if you take a higher risk position in a stock, bond or mutual fund portfolio, it may provide a chance at earning the desired cash flow. Significant and sudden market cor-

rections may bring about sudden losses that can put you at risk of having to stop drawing income to preserve the account. This can be detrimental if you rely on that income for basic living expenses, or it could cut into the standard of living you have come to enjoy.

Another investment option that may help you reach your retirement summit and safely descend is income-producing real estate. There are various real estate investment options that can satisfy everything from liquidity needs to more competitive returns for a longer-term hold and potential tax advantages. Income-producing real estate may produce enough cash flow to meet income needs while also providing long-term growth through capital appreciation. This growth may provide an opportunity for you to increase your income over time to keep up with inflation. A depreciation schedule can be applied in some

cases creating a more tax-advantaged delivery of cash flow or income. You can invest any type of money into income-producing real estate if you are qualified to invest.

We provide an initial complimentary consultation to determine if income-producing real estate would be appropriate for you to consider as an asset to provide additional diversity, cash flow, and growth regardless of the stage of life you are in. Do not miss out on maximizing your tax-advantaged inflation-adjusted income possibilities. Learn how to better diversify out of stocks, bonds and mutual funds, create steady cash flow, grow your accounts, and create tax advantages.

Remember, it’s not about how much cash you have; it’s all about how much cash flow you can create. Cash flow is king!

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