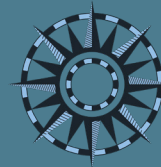


**Pekin Hardy Strauss  
Wealth Management**

Independent Investment Advice.  
Personalized Service.



**PEKIN HARDY STRAUSS**  
WEALTH MANAGEMENT



# A Comprehensive Retirement Planning Guide

# An Introduction to Retirement Planning

With the current economic landscape characterized by increased volatility, complex taxation and estate planning laws, rising healthcare costs, soaring expenses in housing and education, planning for retirement has become more critical than ever before.

## Peace of Mind

Knowing that you have a well-thought-out plan in place for your retirement brings peace of mind and reduces anxiety about your financial future.

## Financial Security

The goal of retirement planning is to ensure that you have enough money to maintain your desired lifestyle after you stop working. Ideally it will help in building a financial safety net for your future.

## Reducing Dependency

Relying solely on government benefits or family support during retirement may not be sufficient or ideal. Retirement planning enables you to reduce dependency on external sources and maintain financial independence.

Navigating these challenges can feel overwhelming, leaving many with questions like: "When should I retire?" "Will my savings sustain me throughout retirement?" "What kind of budget should I follow?" "Can I maintain my lifestyle post-retirement?"

At Pekin Hardy Strauss, we understand the importance of addressing these concerns. Our tailored approach to retirement planning begins with understanding each client's unique financial situation and goals. We delve into factors like desired retirement age, spending habits, potential inheritances, and health considerations.

Some clients prioritize funding their grandchildren's education, while others focus on preserving their own savings. By analyzing various future scenarios and utilizing financial planning tools, we guide clients through key decisions such as Social Security timing and asset management.

While there's no one-size-fits-all solution, we've distilled essential retirement planning principles into a comprehensive guide. This step-by-step resource offers practical insights and tools to establish a solid financial foundation for retirement, empowering individuals to navigate their retirement journey with confidence.

# The Retirement Planning Process



## Our Vision

Our vision is to revolutionize the way individuals approach and experience retirement. We envision a future where retirement planning is not just about financial security but also about well-being and fulfillment. Leveraging technology and personalized solutions, we aim to empower individuals to embrace retirement as a chapter of opportunity and purpose.



## Our Mission

Our mission is to empower individuals to achieve their retirement aspirations through personalized planning, education, and proactive financial management. We are dedicated to delivering comprehensive solutions tailored to each client's unique needs, providing clarity, confidence, and peace of mind as they navigate the journey towards a secure and fulfilling retirement.

Retirement planning is a comprehensive process that encompasses various aspects of your financial life, crucial for envisioning life post-retirement. One fundamental element is risk assessment, which helps identify potential challenges like job loss, health issues, or family support needs, enabling proactive preparation for unforeseen events.

Beyond risk assessment, your retirement plan should address several key considerations. To ensure nothing is overlooked, it's essential to collaborate with your advisor and work through the following steps:

- Define your retirement goals
- Identify risks and constraints
- Value all assets and liabilities
- Project future income and expenses
- Create financial planning models for analysis
- Develop and discuss recommendations
- Conduct annual reviews

While this guide provides an overview of each step, it's essential to meet with your advisor to customize your retirement plan according to your unique circumstances and aspirations.

# Assessing Your Financial Readiness

Determining your financial readiness for retirement is a critical step in securing your future, and asking the question shows proactive planning. While high net worth is often perceived as readiness, true preparedness considers factors like spending habits and desired retirement lifestyle.

When it comes to managing your investments and planning for your financial future, choosing the right advisor is crucial. Choosing a fiduciary advisor can help ensure recommendations are in your best interest.

## Step 1

The financial planning process offers clarity on retirement readiness through comprehensive analysis. Utilizing advanced modeling software, your advisor evaluates various scenarios quantitatively and qualitatively, providing insights into how your financial components align with retirement goals. With this information, you can make well-informed decisions tailored to your needs.

## Step 2

Assessing your financial readiness for retirement is a comprehensive process that begins with defining your retirement goals, envisioning your desired lifestyle, and estimating your future expenses. You must identify all potential sources of retirement income, evaluate your current savings and investments, and consider your outstanding debts and liabilities. Healthcare costs and emergency funds should also be carefully assessed, along with reviewing and updating your estate plan.



## Financial Readiness Takeaways

*Evaluate assets relative to spending for realistic financial assessment.*

*Choose continued income for stable finances.*

*Be cautious with insurance policies, ensuring they fit your goals.*

*Prepare for the unexpected with "what if" scenarios.*



# Investment Strategies for Retirement

You've likely heard the age-old investment adages: "Don't put all your eggs in one basket" and "Diversify, diversify, diversify." These phrases endure for good reason: diversification and asset allocation are fundamental strategies for risk management. Putting all your retirement funds into a single investment is akin to a high-stakes gamble. Consider the extreme example of a \$10 million portfolio solely invested in the NASDAQ in March 2000, which dwindled to \$1.5 million in just a few years—a stark reminder of the perils of over-reliance on a single asset class.

To safeguard your retirement nest egg, it's vital to avoid over allocation to any one asset class or geographical region. Instead of investing disproportionately in the U.S. Stock Market, for example, protecting your assets with diversification may make sense.

## Investment Strategy Takeaways

*Diversify across asset classes to reduce risk.*

*Assess risk-return profiles of investments.*

*Avoid over-allocating to overvalued markets.*

*Choose investments aligned with long-term goals and values.*

A well-constructed retirement portfolio should encompass diverse assets with low correlation, to manage risk and potentially enhance returns. Seek stocks with robust balance sheets, sustainable competitive advantages, and undervalued qualities, offering a margin of safety. Balancing liquidity is also essential to promptly address any short-term cash needs.

Furthermore, understanding your risk tolerance is paramount in selecting retirement investments. Whether you possess a high, medium, or low tolerance for risk depends on factors like age and financial circumstances. As you age or if your assets are insufficient relative to expenses, your risk tolerance typically decreases. Your ability to sleep soundly during market downturns reflects your comfort level with risk. Aligning your investment strategy with your individual risk profile ensures a balanced approach to risk and reward in your retirement portfolio.

# Tax Planning in Retirement

Navigating the complex terrain of taxation can be a daunting task, especially as you plan for retirement. However, with the guidance of a knowledgeable tax advisor and CPA, you can unlock various strategies to optimize your tax situation and potentially save substantial sums each year.

## Strategic Tax Optimization for Retirement Savings

One fundamental principle of tax optimization is understanding the importance of timing. By strategically deferring income when your marginal tax rate is high and realizing income when it's low, you can capitalize on tax breaks that should minimize your overall tax burden. Additionally, leveraging tax-advantaged vehicles plays a crucial role in maximizing tax efficiency.

To delve deeper into tax optimization strategies, it's essential to grasp the distinctions between different types of retirement accounts. Traditional IRAs and 401(k) plans offer tax-deferred contributions, providing an immediate tax break on contributions while deferring taxes on growth until retirement distributions. On the other hand, Roth IRAs and Roth 401(k) accounts feature tax-free distributions in retirement, with contributions made after taxes.

Now let's explore some practical strategies to leverage these retirement accounts and other tax-advantaged vehicles.

### 1. Maximize Retirement Contributions

During your working years, aim to contribute the maximum allowable amount to your retirement accounts, such as Roth 401(k)s or Traditional IRAs, based on your current tax bracket. This decision hinges on whether you anticipate your tax rate to be higher or lower in retirement.

### 2. Capital Gains Management

Offset realized capital gains with corresponding capital losses to mitigate taxable income. This strategy allows you to strategically manage your investment portfolio while minimizing tax liabilities.

### 3. Asset Location Optimization

Allocate ordinary income-producing investments, such as bonds and Real Estate Investment Trusts (REITs), within retirement accounts, while holding stocks in taxable accounts. This approach optimizes tax efficiency by placing assets in locations where they're subject to favorable tax treatment.

#### 4. Opportunity Zone Investments

Explore opportunities to roll capital gains into qualified opportunity zone funds, deferring tax consequences and potentially reducing your overall tax burden. These investments offer tax incentives for investing in economically distressed communities.

#### 5. Roth IRA Conversions

Consider strategic Roth IRA conversions during years when your taxable income is lower, thereby taking advantage of lower tax rates and converting taxable income into tax-free retirement savings.

#### 6. Donor Advised Funds (DAFs)

Opt for donating appreciated stocks to Donor Advised Funds for charitable contributions instead of cash. This strategy allows you to avoid capital gains taxes while supporting charitable causes.

## Tax Efficiency Takeaways

*Strategically contribute to retirement accounts considering current tax rates*

*Offset capital gains using corresponding capital losses*

*Evaluate Roth Conversions during periods of low income*



# Estate Planning and Legacy Considerations



Estate planning is crucial for ensuring your assets are distributed according to your wishes after you pass away. It involves careful consideration, legal expertise, and strategic planning to avoid probate, minimize taxes, and prevent family disputes. Key steps include:

## Consult with a State Planning Attorney

Don't delay in seeking legal assistance to draft essential documents like a will, trust, and power of attorney.

## Decide on Asset Distribution

Determine how you want your assets distributed upon your death, taking into account your beneficiaries' needs and circumstances.

## Ensure Sufficient Insurance Coverage

Review your insurance policies, including term life insurance, to provide financial protection for your loved ones.

## Regular Review

Periodically review your estate plan, at least every five years, to ensure it remains up-to-date and aligned with your current wishes and circumstances.

## Consider Annual Gifts

Explore opportunities for making annual gifts to loved ones, which can help reduce your taxable estate and provide financial support during your lifetime.

A comprehensive estate plan tailored to your individual needs typically includes a will, trust, insurance coverage, and power of attorney documents. Consulting with estate planning professionals can help you navigate the complexities and create a plan that safeguards your legacy and provides peace of mind for you and your loved ones.



# Navigating Social Security

Optimize your retirement planning with a nuanced approach to Social Security:

Social Security, a pivotal component of retirement income, is provided by the U.S. government at a predetermined age. While it serves as a valuable income stream, it typically doesn't cover all retirement expenses, but it can alleviate some financial burdens.



When devising your financial blueprint, it's prudent to make informed estimates about your Social Security benefits. Some individuals, especially younger clients, may even anticipate potential reforms and cutbacks to the program, adjusting their expectations accordingly.

Under current legislation, Social Security benefits are annually adjusted for inflation, enhancing its appeal as a stable income source.

Key factors to consider when strategizing Social Security claims include:

1. Your projected income
2. The age at which you opt to commence benefits
3. Anticipated expenses beyond Social Security coverage
4. Retirement timing
5. Life expectancy

The decision of when to begin receiving Social Security lies with you. Delaying benefits can lead to higher income in the future, while early claiming may be advantageous for those with health concerns or shorter life expectancies. If longevity runs in your family, delaying benefits could yield greater financial security.

By meticulously considering these factors and aligning your Social Security strategy with your broader financial goals, you can optimize your retirement income and ensure financial stability in your golden years.

# The Role of Pekin Hardy Strauss Wealth Management

If you're seeking further clarity or wish to explore our services in greater depth, we're here to assist. At Pekin Hardy Strauss, our unwavering commitment to our clients has been the cornerstone of our growth over the past quarter-century. By prioritizing our clients' unique financial needs, we've fostered enduring relationships built on trust and tailored guidance.

As an independent financial advisor owned entirely by our employees, we operate with a singular focus on serving our clients, unencumbered by the pressure to promote products for a corporate parent entity, unlike many other firms in the industry.

As fiduciaries operating on a fee-based model, our responsibility is clear: to consistently act in the best interests of our clients. By focusing solely on our clients' needs, we help ensure that our guidance and recommendations support their financial well-being and help them achieve their long-term objectives.



## Crafting Investment Portfolios:

We tailor investment portfolios meticulously, considering each client's unique return objectives, risk tolerance, tax implications, time horizon, and ethical considerations.



## Diversified asset allocation:

Our approach emphasizes diversification across a broad spectrum of asset classes, encompassing stocks, bonds, real estate, commodities, ETFs, mutual funds, and alternative investments. When appropriate, we facilitate connections with reputable alternative investment managers.



## Personalized Financial Planning:

Through personalized financial plans, we empower our clients to envision various future scenarios, enabling informed decisions regarding major life events such as homeownership, college savings, and retirement planning.



## Collaboration with Legal and accounting professionals:

We collaborate closely with clients' attorneys and accountants to ensure seamless annual tax preparations and the implementation of robust estate planning strategies. If necessary, we're pleased to provide referrals to trusted professionals in our network.

While our roots lie in Chicago, we're proud to serve a growing clientele nationwide, offering remote services to meet the needs of our geographically diverse clients.

With a legacy of prioritizing client needs for a quarter-century, our firm stands as a testament to our commitment to helping individuals achieve their financial aspirations. We are eager to extend our expertise to support your journey towards financial security and success.

Here's how we can assist you:

### **Tailored Financial Planning:**

We specialize in crafting personalized financial plans tailored to your unique circumstances and aspirations. Our goal is to optimize your financial outlook while mitigating risks and maximizing opportunities for growth.

### **Strategic Investment Management:**

Drawing on decades of experience, we develop bespoke investment strategies designed to align with your goals, risk tolerance, and time horizon. Our approach emphasizes diversification with the attempt of providing resilience in the face of market volatility.

### **Comprehensive Wealth Management:**

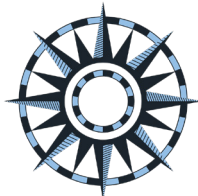
Beyond retirement planning, we provide guidance on tax-efficient strategies, estate planning, and other facets of wealth management to safeguard your financial well-being and legacy.

### **Client-Centric Service:**

As a client-centric firm, your needs and objectives are at the forefront of everything we do. We are dedicated to providing attentive, personalized service to ensure your satisfaction and peace of mind.

We invite you to take advantage of a complimentary assessment of your current financial standing. Should you choose to partner with us, rest assured that we will equip you with the resources and support needed to make informed financial decisions and assist you in building a secure future for yourself and your loved ones.

Do not hesitate to [reach out to us](#) to begin your journey toward financial prosperity. Your future awaits, and we're here to help you navigate the path forward.



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