

The Key Risks to Retirement.

A major issue for the majority of individuals, who are approaching retirement, is the concern whether they have enough money to live comfortably. Retirement planning these days needs to take into account the 3 major risks to retirement income; Market risk, the risk of inadequate returns from the specific instruments in which one's savings are invested, Inflation risk, the risk of an increasing rate of inflation eroding the purchasing power of income and savings, and Longevity risk, the risk of running out of savings by living longer than expected; basically, beating the odds, overshooting the "budget" for length of life.

The 3rd item is probably the most difficult to predict and to deal with on an emotional level. Of course, longevity is increasing generally, and that fact is well accepted. However, from studies I've done on mortality figures, I would argue that there appears to be a large gap between those headed for relatively longer and shorter retirement years, and that gap is also increasing.

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