

Forbes

How To Win The Lottery In Retirement

Recently I read about the Powerball reaching \$700M. For almost anyone, that is a ton of money. I didn't believe in my chances enough to stop at the local mini-mart to purchase a ticket, but I did drift into thought about what I would do if I ever had millions of dollars. I thought about the home I would purchase on the Chesapeake Bay, the remodel I would complete on our kitchen and the basic peace of mind that would come from not having to ever worry about money again. I considered charities I would donate to and how I would surprise my sister with a red Porsche. My sister raised two boys on her own, and when she was growing up, she always wanted a red Porsche. So, I'd get her one. By the time my commute and, subsequently, my daydreaming was over, I still had several hundred million left over.



Through the course of giving retirement classes at federal government agencies, through our weekly retirement radio show and frequent television appearances, I have considered questions from hundreds of near and early retirees. Do I have enough money to retire? How should I invest my 401(k) or TSP in retirement? When is the best time to take social security?

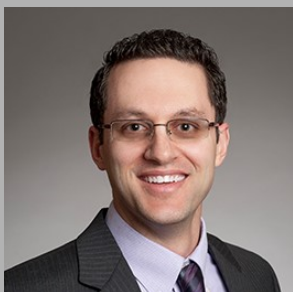
Yet, most of the questions do not hit on the essence of what a super majority of retirees wants. They want to win the lottery in retirement.

Let me explain. The advantage of winning the lottery is the ability to establish an endless quality of life without financial worry. Winning the lottery, for most people, is not about acquiring material possessions -- it's about peace of mind. Most near retirees consider the idea of retirement for several years. They think about a more relaxing lifestyle, spending time with family and friends and having the freedom to enjoy their lives. It's really no different than my lottery daydreaming. Most near retirees I have met believe their retirement dreams are out of reach. Some simply do not have the knowledge and education necessary to turn their front porch conversations into reality.

Successful professionals spend several decades saving and accumulating money but are not equipped on how to spend it effectively. The prevalence of uncertainty for near and early retirees should not surprise you, considering that a majority of financial advice is centered around accumulation planning. According to

Dr. Michael Zwecher's book, *Retirement Portfolios: Theory, Construction and Management*, nearly 97% of financial advice given is focused on accumulation.

The key to winning the lottery in retirement, however, is to have a distribution plan. This should be a plan for responsibly spending the money you've accumulated during your working life. The idea is to be able to consider your desired outcomes for retirement (i.e., quality of life, vacations, time with family, etc.) and then connect your assets to those outcomes. With a successful distribution plan, retirees can spend more money doing the things they enjoy instead of tracking budgets and watching the market. Retirees can be free to enjoy retirement no longer worrying about their financial decisions. That's winning the lottery in retirement.



Winter Troxel

301-850-0680

Wintertroxel.com

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