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The adviser's guide to retirement and elder planning

# Practical retirement planning

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James A. Shambo, CPA/PFS

3rd edition



# The adviser's guide to retirement and elder planning: Practical retirement planning

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## About the AICPA Personal Financial Planning Division

### Personal Financial Planning (PFP) Section

The PFP Section is the premier provider of information, tools, advocacy, and guidance for CPAs who specialize in providing estate, tax, retirement, risk management, and/or investment planning advice to individuals, families, and business owners. Learn more at [aicpa.org/PFP](https://aicpa.org/PFP). All AICPA members are eligible to join the PFP Section.

*Note: The additional resources that this guide references on the PFP Section website are included with membership in the PFP Section (this includes all CPA/PFS credential holders). Non-members can purchase some of these resources on the AICPA Store at [www.cpa2biz.com](https://www.cpa2biz.com).*

### CPA/Personal Financial Specialist (PFS) Credential

The CPA/PFS program allows CPAs to gain and demonstrate competence and confidence in providing estate, tax, retirement, risk management, and/or investment planning advice to individuals, families, and business owners through experience, education, examination, and a resulting credential. More information on the education opportunities, exam preparation options, the PFS exam, and general CPA/PFS credential requirements and benefits can be found at [aicpa.org/PFS](https://aicpa.org/PFS).

## The adviser's guide to retirement and elder planning

*The adviser's guide to retirement and elder planning* is a comprehensive 4-part series of publications covering client planning and decisions as they both save and plan for future retirement income needs and later on make retirement income, spending and healthcare decisions during retirement. Each individual guide is written by an experienced CPA/PFS financial planner.

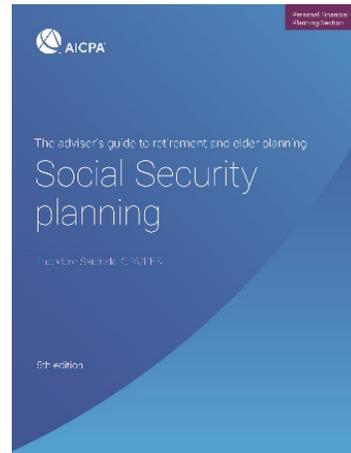


### **Practical retirement planning**

By James A. Shambo

This guide covers the science (what you need to know) and the art (how to ef-

fectively communicate with your clients) of retirement planning. A lifetime of experience in one volume!



### **Social Security planning**

By Theodore Sarenski

This guide organizes complex planning into basic questions your clients are probably already asking. The focus is on the strategies and advice your clients need as they make crucial decisions for their future.

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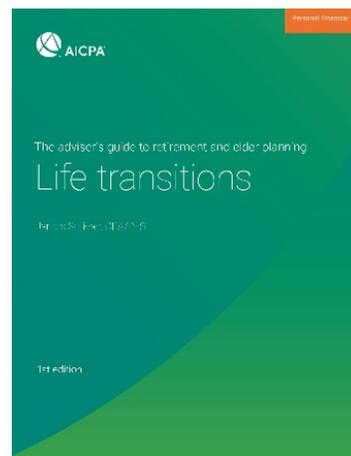


### **Financing retirement healthcare**

By James Sullivan

This guide provides a complete understanding of the options facing

retirees as they navigate the sometimes-confusing retirement healthcare options of Medicare, supplemental insurance and long-term care insurance.



### **Life transitions (elder planning)**

By James Sullivan

This guide provides advisers with an understanding of the perspective decisions facing their aging and chronically ill clients and their families. With this context, the author helps advisers identify those areas where they can provide the most value at this stage in their lives.

decisions facing their aging and chronically ill clients and their families. With this context, the author helps advisers identify those areas where they can provide the most value at this stage in their lives.

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## Acknowledgments

### Author

James A. Shambo recently retired but remains president of Lifetime Planning Concepts, Inc., which is located in Colorado Springs, CO. He received his CPA license in September of 1976. He is a CPA Personal Financial Specialist who received the designation *With Distinction* in 1985.

Mr. Shambo served on the executive committee of the AICPA Personal Financial Planning Division from 1990–1995 and served as chairman from October 1993–October 1995. Jim also served on the Colorado Specialization Oversight Board, which created the PFS designation, from 1984–1987 and served on several AICPA PFS related committees from 1986–1995. He is a member of the Colorado Society of CPAs and has been a regular speaker on financial planning topics at the AICPA PFP technical conferences and various state CPA societies and Financial Planning Association (FPA) state chapters since 1996.



Jim was awarded the 2008 Financial Frontiers Award for Techniques in Financial Planning for his paper *The Hedonic Pleasure Index™: An Enhanced Model for Spending Inflation*. The award is presented annually by Janus Capital Group and the Financial Planning Association. The award promotes serious research and innovative thinking on wealth management and financial planning topics.

Mr. Shambo received the Distinguished Service Award from the AICPA PFP Division in 1999 and special recognition in 2011 for his years of outstanding contributions to the PFS Credential. In 2015, Jim received the "Iconoclast of the Year Award" from Inside Information author and financial planning trailblazer Bob Veres for "Consistently thinking outside the box with ideas that have visibly changed the profession's perceptions from conventional thinking to something more in line with reality."

To cap off his career, Jim was honored with the AICPA Personal Financial Planning Division's Stanley H. Breitbard Lifetime Achievement Award at the 2016 AICPA PFP Conference.

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## AICPA acknowledgments

The AICPA's PFP Division appreciates the commitment to excellence that is exhibited by our members. Jim Shambo's consistent contributions to the role of CPAs in personal financial planning over the years is no exception. We wish to extend our thanks to him for his dedication to combining the insights of leading thought leaders in retirement planning with his own practical perspective; a combination that is clearly evident in this guide. We also want to give special thanks to Jean-Luc Bourdon, Lori Luck, Ted Sarenski, and Sue Stephens, who assisted with content development and review. Finally, we appreciate and thank each of the additional authors who directly or indirectly contributed their expertise to this guide. It is our desire that CPAs working with individuals, families, and business owners will use the ideas and suggestions in this guide to engage with their clients on these key issues in retirement planning, build on their relationship as a trusted adviser, and ultimately integrate all areas of personal financial planning, including retirement, tax, estate, investment, and risk management planning for the benefit of their clients. Thank you, Jim, for sharing your experiences and insight in such a crucial area.

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## Product disclaimer

The author has been a longtime investor with the Vanguard Group and knows more about their products than any other company's. Throughout the guide, he refers to Vanguard products because of his more intimate knowledge of their product offerings and because he believes they consistently offer some of the lowest costs in the industry. Obviously, other fund families offer low cost products, so you should make your own comparisons with companies with which you are familiar. The reference to any particular providers or products should NOT be considered an endorsement of that provider or product by the AICPA.

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## Preface

The sheer size of the baby boomer generation with its 10,000-daily wave of retirees has spotlighted the need for new approaches that blend creative and contemporary ideas with the wisdom of the ages. So it is with all periods of transformation. This transformation is about demographics, and it will breed incredibly useful new ideas, tools, and products, but if history is any guide, it will also breed junk—purely wasteful, at times fraudulent junk. One of your value propositions will be to educate your clients enough to know the difference between the luring promise of incredible short-term gains and the slow and steady discipline of a long-term strategy.

Yet retirement planning is so much more. It is more than finding the "number"; more than paving the pathway to financial independence. Your process will fully resonate with clients if you can integrate the workings of the financial world with their personal behavioral traits and their human frailties and strengths. This will be your challenge, and, if you are successful, your reward as well. I hope this guide will assist you in that process.

To bear fruit in this business, you must be prepared to be curious; to explore and understand new ideas, new tools, and new products. To sustain your business, however, you must have a solid foundation of fundamental truths, maxims that although challenged and at times modified, have stood the test of time. One of your most important roles is to filter out all of the noise and hype and confusion and create a plan; perhaps better said, a written representation of the client's vision of their expectations and dreams. I'm not trying to overstate here. I speak of lofty aspirations because that is exactly what clients really want. They want someone to help them articulate the life they want and the life that is within their means. By all estimates, life for many will be complicated by their likelihood of living well past today's expected measures of life expectancy.

As they did in most other life stages, boomers are redefining the entire concept of retirement, both in timing and execution. Instead of the "gold watch and you're out" scenario, new retirees are finding ways to ease into retirement, slowing down in stages or replacing high pressure careers with work that fulfills the spirit more than the 401(k) account. At the same time, it would be a classic mistake to assume your client will be a typical retiree, one that conforms to the average in spending, saving, rates of returns, or longevity. Indeed, the range of each of these factors will vary wildly, and your role is to discover the "snowflake" in each client. It is, after all, the art of integrating the human element with the numbers that makes a plan or a planner worth the clients' time and energy.

On the point of integrating the human elements, the *2014 United States of Aging Survey* was recently released. It found that money was not in the top three worries of American adults over age 60. The top three worries of 3,279 surveyed include:

- they will not be able to take care of themselves,
- they will lose their memories, and
- they will be a burden to others.

Sound familiar? If not, you're too young; talk to your parents. How the adviser integrates discussions of risk management into these personal zones of fragility may be the difference between having solutions identified in advance versus dealing with self-fulfilling prophecies of the fears themselves.

So, money was not in the top three worries. Nevertheless, 49 percent of those same surveyed seniors were concerned that their savings and income would not last the rest of their lives. The cost of health care may be the biggest reason why. Indeed, public policy risks to the retiree continues to rise as Congress focuses more on shifting costs from the government to the retiree rather than making attempts to control health care costs. Examples of problems that arise from these policies include:

- 1) In 2013, Medicare beneficiaries' average out-of-pocket health care spending was 41% of average per capita Social Security income. That share is expected to rise to 50% by 2030, a devastating slice of the pie for low income retirees,
- 2) Half of traditional Medicare beneficiaries spent at least 14% of their per capita total income on out-of-pocket costs in 2013. As you might expect, this burden was higher for people age 85 and older, those in poor health and those with modest income.
- 3) 36% of beneficiaries in traditional Medicare, and half of those with incomes below \$20,000, spent at least 20% of their per capita total income on out-of-pocket health care costs in 2013. The percentage of these beneficiaries is expected to grow to 42% by 2030 just over a decade from now.

Comparing these percentages to the Consumer Expenditure shares for health care among the broader population, it is no wonder that the current proposals in Congress are described as an insidious method to ration health care and a sure-fire way to create a multi-tiered health care system based solely on the beneficiaries' resources. The Budget Agreement signed in February 2018, is perhaps a signal that Congress is throwing in the towel in the effort to control costs entirely as it eliminates the Independent Payment Advisory Board which was formed as a part of the ACA.

The Board's explicit task was to achieve savings in Medicare without affecting coverage or quality. The fifteen-member board was to be appointed by the President and was to include individuals with national recognition for their expertise in health finances and economics, actuarial sciences, health facility management, health plans and integrated delivery systems, health facilities reimbursement, and other providers of health services or related fields. Yet the powers that be, recently decided to go back to the old method of backroom deal making by Senators and Congressmen as a method to address the costs of care. Call me a skeptic, but does anyone really expect politicians to control spending, any spending let alone health care spending.

It is clear that retirement planning intersects with many other aspects of financial planning, and when it does, I will weave the web to include those elements. Income tax and estate planning will intersect with retirement planning during the accumulation years as well as the distribution years. Blending these skills into your retirement planning practice could save a substantial share of your clients' net worth and add years to a successful retirement for the survivor.

So, why you? Why the CPA financial planner? Why the CPA Personal Financial Specialist (CPA/PFS)? Simply because you are the most qualified adviser by your training and background. From financial statements (liabilities do matter) to income and estate planning to forecasting needs long into the future, you have the skill set and objectivity it takes to help clients navigate one of the most difficult paths they will ever embark upon. Yes, you will need additional education, and yes, you will need to spend many hours researching and understanding the subtleties of investments and long-term planning issues. Many of you will need to improve your listening and empathy skills as well. You will step out of the box, challenge conventional wisdom, and thrive from the very process of helping your clients find financial freedom.

Your practice will be one of the beneficiaries of this work, as you will develop relationships constantly demanding renewal and regeneration. Your contact with clients will increase, and you will have an opportunity to offer the kind of advice that will cement your client relationships far more than in the professions of law and medicine. If you choose to, you will become indispensable.

Your profession has given you a leg up by the depth of our ethical commitment, by the professional guidance offered by our rules and responsibilities, and by the commitment to satisfy conflicts in the best interest of your clients. In short, you will enhance your position as your clients' most valuable and most trusted adviser.

That is why the CPA financial planner will thrive in planning your clients' retirement.

## How to use this guide

This guide is not intended to be your practice management solution on how to build a retirement advisory practice. Nevertheless, we have included some practice management forms in the [appendixes](#) that may assist you in more clearly defining your practice. In addition, I have assembled a series of practitioner questions and information in [chapters 10–13](#) that you may find relevant to your practice. Despite its name, this guide is not about developing "qualified retirement plans," but rather about the process of planning for retirement.

You should use this guide in conjunction with [The CPA's Guide to Financing Retirement Healthcare](#) to gain a more in depth appreciation of the variety of problems and solutions to financing this part of retirement. For a full and in depth discussion of social security claiming strategies, I direct you to [The CPA's Guide to Social Security Planning](#).

It is, of course, impossible to serve the best interests of a client without a proper foundation in the "science" of retirement planning, which is covered in the first major section of this guide. Within the science section, you will find relatively short but insightful summaries of key issues you will face in your practice. It won't provide a treatise of the hundreds of "safe withdrawal studies," but will rather highlight some important work, clarify the limitations of these studies, and hopefully provide context on how your client fits into the research conclusions. It will explore the foundations of a number of assumptions you will make with your clients and help you identify and address the risks to their retirement plan. It will not explore individual software used in retirement planning as the list constantly evolves. For a deeper dive into financial plan-

ning technology, I suggest you explore the updated [CPA's Guide to Technology in a PFP Practice](#). I will, however, address the most common methodologies for simulating retirement so you can decide which method is appropriate for your practice or perhaps how to use what you already have more wisely. Your job will be to use this research and information as a foundation for personalizing each client's retirement.

This is where the second major section, the "art" of retirement planning, comes in. Art will help you apply the most compelling research to your clients' lives regardless of their current age. In this section, we will travel through saving and spending behavior to grasping the confusing new lessons of aging, ranging from health shocks to housing and from inflation to cash flows.

Look for this icon for links to assist in jumping to relevant content between the art and science sections, as well as links to additional external content.



Investment planning is also a key component of a safe retirement but is not the focus of this guide. I will, however, embrace and discuss investment themes and strategies to the extent they intersect with a retirement decision such as in developing a retirement paycheck or discussing cash flow products as a supplement to the financial portfolio. Coordinating with other advisers in developing a sound tax or financial succession strategy will set you apart from the competition, so I will address some key issues for your consideration as you develop retirement plans. The sheer complexity of this stage of life is why finding or creating a "retirement tribe" with others in your community should be one of your first steps in developing your own firm. See [chapter 10](#) for more on this topic.



In an effort for this guide to be as practical as possible, we have marked questions that we anticipate the reader might have with this icon. Our desire is that answers to those questions will make this material more useful in your practice.

The guide will not cover everything, but we have tried to cover the important things. I hope you will agree we succeeded. So, let's begin.

---

## Introduction

Economists are from Mars, planners are from Venus

### Integrating the human element into planning

I've shamelessly created my own spin on the title of the classic book written by John Gray, which became the best-selling work of nonfiction of the 1990s. Gray's premise was that each gender is acclimated to its own planet's society and customs, but not to those of the other. In a way, that same metaphor applies to economists, who research and report on retirement simulations, and to planners, who use those ideas to help clients plan their retirement.

Economists and financial planners actually live on the same planet; we're just influenced by different orbits. Economists address the typical American; planners the specific client. Economists practice theoretical application; planners theorize practical applications. Economists speak or write for the broad public; planners do so for each client. Economists are experts who study the relationship between a society's resources and its production or output; planners are experts who plan for the lifetime relationship between an individual's behavior, savings, and consumption.

Planners should view the studies and simulations performed on Mars (that is, by economists) as the creation of lifeless models whose occupants are without a face, a heart, a brain, or emotion. On Mars, math decides what is good or bad, useful or useless, effective or not. The simulations on Mars are like the creation of a robot with all the possible financial iterations but none of the human emotions. The "golden eggs" are their focus. On Venus, planners focus on the "geese": sometimes frail, at times headstrong, but nevertheless, the very people who provide the golden eggs. The art of planning takes the robot shell of ideas and adds a face to it, and behind that face are the hearts, brains, and emotions of our clients. It is here at the intersection of theory and application that the planner adds the human elements to the plan.

Before we dig deeper, let's first discuss where planners' and economists' languages differ in important areas of planning for clients. They include the following key issues:

- What is included in clients' spending?
- How do we measure retirement needs?
- How do we measure clients' spending inflation?

## What Is included in clients' spending?

Planners use data gathering forms to explore where each dollar is spent and how many of those dollars will be spent in retirement. In other words, money spent at age 55 for college costs or mortgages is not included in retirement spending if those costs will end prior to retirement. Likewise, job related costs will end, and therefore, will not be included in the retirement spending details, but former employer provided benefits may now need to be added to the client's budget. Planners may even divide spending into amounts for each client goal as shown in [table 14-2](#).

The goal of planners on Venus is to understand more than the amount their client spends. They also need to understand the clients' goals and attitudes toward spending. As a result, they generally view taxes as a reduction of income and speak in terms of after-tax returns in their long-term projections. Likewise, planners should view savings, whether in or out of retirement accounts, as savings, not spending. Economists view taxes and savings squarely in the spending column, giving rise to the belief that clients cut spending substantially at retirement. In fact, on Mars, they believe the wealthy make the largest spending cuts at retirement. Why? Substantially lower taxes and savings. The following table summarizes the last few lines of the "Retirement Needs by Spending Category" found in [table 14-2](#). On this table, pre-retirement spending has been modified with an additional line for Simplified Employee Pension Plan savings made by the client, because on Mars, savings is counted as spending.

**Table I-1—Venus' and Mars' differing world view of pre- and post-retirement spending**

| Description                         | Pre-retirement spending | Post-retirement spending |
|-------------------------------------|-------------------------|--------------------------|
| <b>Behavioral spending on Venus</b> | <b>\$89,560</b>         | <b>\$126,700</b>         |
| Income tax estimates                | 95,000                  | 27,000                   |
| <b>Total retirement expenses</b>    | <b>\$184,560</b>        | <b>\$153,700</b>         |
| SEP savings                         | 51,000                  | - 0 -                    |
| <b>Total spending on Mars</b>       | <b>\$235,560</b>        | <b>\$153,700</b>         |

The first and last lines of [table I-1](#) best show the difference in our languages. The first line is how Venus views spending, and the last is the view from Mars. On Venus, expected retirement spending is the sum of all behavioral spending, and in this client's summary, is expected to increase \$37,140 over the pre-retirement spending, largely due to increased travel. On Mars, however, spending declines \$81,860 due to the substantial decline in taxes and savings. Planners need to understand these differences and not rely on the accepted dogma that spending declines in retirement. For some, spending does decline, but for others, it does not. The planner deals with client behavior, and that is unique for each client. On Mars, where averages reside and the mythical "typical" client resides, spending declines in an odd and confounding way.

In my own experience, those who cut spending the most at retirement are those least prepared for retirement, regardless of their wealth. Those who understand how to live within their means usually have no need to cut back at retirement. Often, they are in the position to add substantially to their travel spending or other spending on items they could never find time for when working. On Venus, each client is unique.

How do we measure retirement needs?

Economists often claim retirees need to replace 70 to 80 percent of income in retirement. They provide evidence that when a person retires, their spending on college, mortgages, taxes, and savings will decline. I can't imagine a planner congratulating a client on their reduced spending when they stop funding a 401(k) or IRA account, but that is a part of the income replacement rate theory. [Table I-2](#) is often cited as evidence that spending declines with age.

**Table I-2—Income replacement mirage—the Ty Bernicke Mars illusion**

| Age ranges                   | 55–64    | 65–74    | ≥75      |
|------------------------------|----------|----------|----------|
| Expenditures                 | \$53,616 | \$44,646 | \$32,688 |
| % of pre-retirement spending |          | 83.3%    | 73.22%   |

Source: This information, first recorded by Ty Bernicke, is taken directly from the Bureau of Labor Statistics (BLS) website ([www.bls.gov](http://www.bls.gov)).

There's the evidence all in black and white. Sixty-five-year-olds spend 83.3 percent as much as their 55-year-old counterparts, and those over 75 only spend 73 percent as much as their 55-year-old counterparts. But wait—not so fast. Let's add a bit more information from the same BLS site.

**Table I-3—Income replacement exposed—The Venus correction**

| Age ranges                         | 55–64    | 65–74    | ≥75      |
|------------------------------------|----------|----------|----------|
| Expenditures                       | \$53,616 | \$44,646 | \$32,688 |
| Post-tax income                    | \$72,116 | \$51,161 | \$31,779 |
| % of pre-retirement income         |          | 70.95%   | 44.07%   |
| Spending as a percentage of income | 74.3%    | 87.3%    | 102.86%  |

So, what are we really seeing? In [table I-2](#), spending appears to decline with the age of each cohort group. [Table I-3](#), however, shows that spending is down because *income* is down using the BLS preordained samples. In fact, the 65-year-old group's income was 70.95 percent of their 55-year-old counterparts, and those over 75 showed income of only 44.07 percent as much as their 55-year-old counterparts. Had the 75-year-old group's income averaged \$75,000, would anyone really believe they would only spend \$32,000 simply because they were older?

I’m not suggesting that spending doesn’t decline as we near retirement. For many, paying off the mortgage and having their kid’s college tuition behind them was preplanned. In my own case, one of my long-term care policies is a 10-pay policy whose premiums will end at age 65, another preplanned reduction in spending. So, spending does decline, but not just because we get older—because we planned it that way.

Let’s look at income replacement rates from another angle. [Table I-4](#) shows a client with substantial income and modest spending prior to retirement. Many of our clients who listened to our advice look very much like the first two columns in [table I-4](#).

**Table I-4—The Venus view of post-retirement spending**

| Final year income | Final year actual spending | 50% replacement | 70% replacement | 80% replacement |
|-------------------|----------------------------|-----------------|-----------------|-----------------|
| \$300,000         | \$100,000                  | \$150,000       | \$180,000       | \$210,000       |

In [table I-4](#), the client made \$300,000 in her final wage-earning year. Based on a detailed review of actual spending, she identified \$100,000 that she expects to spend in retirement. Her home mortgage was paid off, her kids were out of college, and she no longer would be spending as much on clothing or transportation now that she would no longer go to the office daily. Income replacement rates, however, suggest she would spend somewhere between \$150,000 and \$210,000. My advice is to ignore the income replacement rate theory and identify clients’ retirement spending by the data gathering process.

How do we measure clients’ spending inflation?

Averages and typical spending have no place on Venus, but in Mars, they are accepted rules of thumb. Personalized spending inflation is ignored on Mars, where they default to the consumer price index (CPI-U). I don’t fault them, because they focus on the robot with no human features. But consider [table I-5](#), which shows average annual spending inflation from 1984 to 2013 by age group. The retired groups show the highest spending inflation, and it exceeds inflation for all consumers by a wide margin.

**Table I-5—Average spending inflation by age cohort from 1984–2013**

| Age cohort            | 45–54 | 55–64 | 65–74 | ≥75   | All consumer units |
|-----------------------|-------|-------|-------|-------|--------------------|
| Average Annual Change | 2.61% | 3.05% | 3.80% | 3.85% | 2.95%              |

Source: Bureau of Labor Statistics Consumer Expenditure Surveys (CEX).

We'll discuss this issue in greater detail in my summary of the Hedonic Pleasure Index in [chapter 2](#), but first, let's explore why the elderly's spending inflation exceeds other age groups.

One reason is that wage growth stagnated over this time frame, while asset values of the elderly grew quite nicely, thank you.

Economists on Mars believe that spending for retirees comes from autonomous spending; that is, consumption as part of a long-term plan and as a result of habits and commitments. By being autonomous from income, it is not related to raises, but is rather a retirement budget constrained by the level of available assets. I believe retirees responded to rising assets values from 1984 to 2012 as if they had received raises. As their portfolios grew, they spent more. A lot more. *Induced consumption*, on the other hand, refers to increases in consumer spending that occur as disposable income rises, a function of young working folk as wage income rises. But wage income for many has stagnated and often does not exceed the published inflation rate, leaving the young with a flat or declining standard of living.

So, is this an aberration of the times reviewed? Perhaps, but spending inflation is still not properly measured by CPI-U.



For more on that subject, please see the summary of my paper *The Hedonic Pleasure Index™—An Enhanced Model for Spending Inflation* in [chapter 2](#).

The studies performed on Mars by economists are critical and important work and often point to new ideas for planners to consider, but they are still only a shell. I've addressed these three differences between Mars and Venus to set the stage for adding the human elements to the plan. So, although savings and spending—the two most personal aspects of retirement planning—are addressed in detail, they are not discussed at the expense of addressing health issues, housing choices, taxes, the process of gathering and applying data, and the importance of engaging and educating the client. The art of retirement planning is just that: an effort to add nuance and personality. The path we will take includes a process called *envisioning*, setting aside the numbers and focusing on emotions, dreams, and the process of creating a purposeful life. I hope you enjoy practicing the art as much as I have enjoyed writing about it.

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## Part I - The science of retirement planning

### Introduction to Part I

*Prophesy is a good line of business, but it is full of risks.* —Mark Twain

The science of retirement planning can at times be cumbersome and is not prone to quick or convenient answers, but by understanding some of the key principles that make retirement planning so complex, the user of this guide will be well served. I urge you to explore the topics in the science section to help you build support for the assumptions used in your own retirement planning projections. Advanced planners may find new ideas as they review some of the research reports discussed in this guide.

Before working in this specialty area, you will need to identify and learn the generally accepted knowledge base required to help clients. Many courses exist to explain the nuts and bolts of retirement planning and the related fields of investment advice. If you decide to include investment advisory services, your knowledge base should be expanded further on the topics discussed in this section.

Here we address the tools and techniques an adviser should possess in order to assess the client's data, respond to their inquiries, and prepare financial independence projections that are consistent with the real world the client lives in. In Part I of the guide, [chapters 1](#) through [9](#) deal with assumptions and risk, and [chapters 10](#) through [13](#) deal with retirement planning considerations.

A word of caution when accepting research paper conclusions: Virtually all research papers are written with the "typical client" in mind. You probably don't know those clients and will never meet them. That is why I suggest you use the research summarized in this guide as a starting point to open discussions on the topics with your clients. From there, you can sell your services to find solutions using each client's unique circumstances. It is your job to take the research from the typical client and apply it to your snowflake.

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## Part II - The art of retirement planning

### Introduction to Part II

Now that we've discussed the [science](#) of retirement planning, you need to translate the concepts we've examined into understandable and actionable discussions with your clients. If they listen but don't understand, or understand but don't take action, then you need to improve the communication process with your clients.

The focus of this part is on the various groups of clients that you will encounter as you offer retirement planning services in your firm.





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