What does retirement mean to you?

Retirement means different things to different people. Some people look forward to a more leisurely, unscheduled way of life. Others think about spending time with friends and family or finally getting the chance to travel. One thing is certain...retirement is a transition...not an end. A transition that could easily last 10, 20 or even 30 years.

Even in the best of times, retirement planning can be confusing and overwhelming. And today’s, economic environment and market turmoil are only making things more difficult and challenging long-held expectations. You may be questioning your ability to retire when you had planned and living the lifestyle you had imagined. If the concept of retirement seems daunting to you, you’re not alone.

In our annual 2008 Wealth and Values Survey, we found that 34% of respondents were either behind on their plans, uncertain about them or had no retirement plan at all. We surveyed over 1,200 affluent Americans to gauge their attitudes and beliefs about retirement. And the results challenged some long held notions.

• Most people equate retirement with not working. But when asked at what age they planned to stop working, 30% of our survey respondents said 70 years old or older.

• One of the greatest misconceptions about the affluent is that retirement for them must be grandiose and extravagant. But, in fact, over half of the people surveyed said they will continue to maintain the same primary residence they live in now.

• Most of the affluent individuals surveyed felt they needed twice their current net worth to be secure in retirement. But responses were all across the board. In the end, without a well-defined plan, it might be impossible to say how much is enough.

There is a lot to think about. But having an open and honest discussion with a trusted financial advisor is critical as you begin to think about retiring...especially now when everyone is evaluating their goals no matter how much money they have.

You may find it helpful to start the retirement conversation by focusing on what you’ll be doing when you retire. What you decide to do with your time will drive how much money you need. Some things to consider:

• How will you spend most of your time? Have you always wanted to travel? Or dreamt of buying a vacation home at the beach? Or will you keep your primary residence and spend most of your time with family and friends? Do
you have any interest in working part-time, trying a new career or even starting another business?

• Now that you’ve figured out what you want to do, what assets will you need to maintain your lifestyle? Will you need to generate income from your assets? How much? Don’t forget to factor inflation in here and the rising cost of health care. They can significantly influence your cash flow through the years.

• What is your tolerance for risk? Investing in stocks, bonds and cash equivalents carries different risks. Knowing your risk tolerance will help you and your advisor know how much—or little—investment risk will be necessary to reach your goals.

• Clients with significant assets often tell us that gifting is an important part of their goals. Have you thought about gifting? It’s easier to gift when you have enough to feel secure, which a retirement plan can help you determine. What causes are important to you? Charitable gifts aren’t subject to estate or gift tax and your contributions can result in substantial tax savings for you, while helping others. Highly successful individuals have the means to create a legacy and leave their mark on society. Have you thought about establishing a private foundation to pass on your wealth in a controlled and more impactful way?

• If you’re a business owner, what will happen to your business if you retire or pass away? Succession planning can help answer this question and should be part of your overall retirement strategy. A good succession plan can make it easier to maintain control of your business while also helping to secure your family’s financial future even if you can’t be there for them through its transfer.

When asked what advice they would give someone who is preparing for retirement, the majority of affluent retirees in our study said “Live a healthier life and start planning early”. That’s good advice! The more specific you are in describing your ideal retirement scenario, the more likely your financial plan will be the road map you need to achieve it. As you prepare your retirement plan, I welcome you to contact your relationship manager or anyone at PNC Wealth Management with questions or concerns using the contact information on the first page.

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