7 Questions To Ask Your Financial Advisor

Your financial advisor is your guide as you plan for retirement. Meeting with your advisor is an excellent opportunity to review your goals and find ways to strengthen your financial plan. Asking your advisor some smart questions keeps you engaged and informed in the planning process—and will ultimately help you find opportunities.

Here are seven questions worth asking:

1) Will I have enough savings to retire comfortably?
Your advisor can review your current retirement savings balance as well as your contribution rate and provide a forecast of how your money will grow over time. Your advisor can also factor in other retirement income sources such as Social Security and any traditional pension benefit you expect to receive that will affect your financial security in retirement. Once you understand all the financial resources you will have, you and your advisor can then discuss what your retirement savings target should be and how you can reach that goal.

2) How much income will I need during retirement?
Your income needs during retirement will depend on several factors, including your regular expenses (housing, food, utilities, etc.) and your specific retirement goals, whether travel, pursuing a favorite hobby or sport or relocating to another place. You will also need money set aside for healthcare costs, which typically rise in retirement, as well as other unpredictable expenses. Your advisor can review your current spending habits and then explain how your income needs may change over the course of retirement.

3) Are my retirement assets allocated appropriately based on my risk tolerance?
How you divide your portfolio among stocks, bonds and other types of assets should depend on how much risk you can take on. And that depends on your investment horizon—how long you expect to be investing—and your personal comfort level. Your advisor can explain how your asset allocation should be adjusted as you approach retirement, as well as over the course of your retirement years.

4) When should I claim Social Security?
The federal government allows you to begin taking Social Security retirement benefits as early as age 62. But you may get a significantly higher monthly benefit by waiting a few years longer or even delaying until age 70.

5) Are my savings protected against inflation?
Rising consumer prices can gouge your retirement savings if you're not careful. If your savings doesn't keep up with prices, the true value of your savings falls. Your advisor can explain strategies aimed at outpacing inflation, such as how to design an appropriate asset allocation in hopes of staying ahead of inflation, as well as looking at investments designed to keep up with inflation, such as inflation-protected bonds.

6) Do I have enough savings to cover the potential need for long-term care?
Daily care provided either in the home or in an assisted-living center can be a major cost in retirement. Regardless of whether you decide to pay for it with your savings or get insurance to protect your savings, it's important to plan ahead. Your advisor can help you explore your options.

7) How can I leave a legacy?
Beyond preparing for your own financial needs, you may want to leave something to your loved ones or to charity. Certain giving strategies can provide you or your heirs with tax savings or other benefits. Your advisor can help you find the most fulfilling ways to give—and take advantage of strategies that meet your legacy goals.

Keep in mind that as you plan for retirement there are no dumb questions. Your advisor can explain important concepts and help you create a retirement plan that can meet your goals and needs.

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