How boomers can avoid going bust in retirement

By **Lou Carlozo**23 hours ago

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"Take a deep breath." "It's never too late." "Get some professional help." While those snippets are indeed culled from experts, they're not therapists -- though you might need one while facing the panicky prospect of a bone-dry retirement account.

If you're a baby boomer on the cusp of retirement, you could find yourself staring down this problem soon. Perhaps you missed out on compound interest by not investing young. Maybe the Great Recession decimated your individual retirement account. Medical or financial emergencies might've forced you to tap your funds as a last resort.

No matter the cause, refreshing a depleted retirement account is tough -- unless, of course, you've gone "bucket list" and want to drain it now. A newly released HSBC global retirement survey of 1,001 people age 25 and older shows that about 1 in 4 working Americans feel it's better to spend all their cash during the course of a lifetime and let children create their own wealth.

Dipping into an IRA "isn't necessarily a bad idea," says Brian Schwartz, vice president and senior financial advisor at HSBC Bank USA in Farmingdale, New York. "A client once told me: 'Now the clock is ticking on me.' They want to start doing the things they've always dreamed of but had to put aside to take care of the costs associated with raising a family."

But what if the clock's also ticking on your dream of financial security? Here are 10 nuggets of wisdom from investment pros -- meant to help cook a slender nest egg into something to feed you in retirement.

Don't throw the "Hail Mary" pass. What seldom works in the closing seconds of a football game could spell disaster in the retirement game, says Kendrick Wakeman, CEO of FinMason, a financial education company. "Please don't put all your money into high-risk investments in the hopes of scoring some sort of a big win that will suddenly allow you to retire in the manner you dreamed about in your 20s," Wakeman says. That even means approaching stocks with caution. "As you get closer to retirement, the risk of loss in the stock market looms larger since there will not be much time to recover after a crash," he says.

Consider overlooked financial resources. While it's risky to count on unknowns such as real estate appreciation, you may have cash streams available outside the traditional retirement realm, says Jennifer Acuff, wealth advisor with TrueWealth in Atlanta. For example, "Understand your options with respect to Social Security and any pensions you might be entitled to from current or previous employers," she says.

Sacrifice. Numbers don't lie, but the bright side is that decreasing your expenses will help smaller retirement pools shrink slower, says John Diehl, senior vice president of strategic markets at Hartford Funds. "There is hope that some of these folks can make up cash shortfalls, but it may require sacrifices, which some people refuse to make," he says. And here's a pointed perspective from Michael Chadwick, CEO of Chadwick Financial Advisors in Unionville, Connecticut: "It's amazing when I work through the numbers that some people think manicures, landscapers and maids are a need," he says. "I've found people with less stressful and happier lives -- as they're not trying to substitute physical possessions for personal happiness."

Define "comfortable retirement." Especially if you've gone into your hand-wringing with a preset number or a vague image of cruise line frolic, it's time to get down to brass tacks. "Many boomers haven't really thought this through, while others are in full-stage denial," says Bellaria Jimenez, managing director with MetLife Premier Client Group, based in Cranford, New Jersey. "Unfortunately, many of these boomer clients do not have the accumulated assets they will need to provide for the 'comfortable' lifestyle they envision." That's when the time comes for a sharper picture that pays attention to the financial realities at hand -- along with the ones that can be changed.

Play the Social Security card. You won't survive solely on the money in your retirement fund, but from Social Security as well, says George Fraser, managing director of Retirement Benefits Group in Phoenix. "I advised one 66-year-old client making $26,000 a year to immediately file for his Social Security benefit since it was more than his salary," he says. The $32,000 a year he and his wife received in government benefits allowed him to use nearly all of his salary to make the maximum contribution to his company's 401(k) plan. That $24,000 a year "made a big difference," he says.

Create a detailed budget. Accounting for the money coming in and going out will give you some peace of mind in catching up by way of a road map. However, "We are not talking about scribbling a few figures on a napkin," Wakeman says. "You need to get a detailed budgeting tool such as Mint.com or LearnVest.com ... These tools can help you develop a budget that lets you start saving for retirement and, just as importantly, helps you stick to it."

Free up money by lowering fees. Assuming you have some investments going, chopping those fees can make a shocking difference, says Erik Laurence, vice president of marketing and business development at FeeX, a free service that finds and reduces hidden fees within investment accounts. "All else being equal, if you can reduce your fees from 1.75 percent down to 0.25 percent, this is equivalent to an additional 1.5 percent per year of return that will compound to help top off your account," he says.

Work a little longer. If you're looking forward to hanging up your hat now, this prospect may not appeal to you -- but it can provide extra padding for when it really counts. "The good news is this type of approach can work," especially when coupled with smart budgeting, says David Twibell, president and founder of Custom Portfolio Group, LLC in Englewood, Colorado. He's helped clients who survived the 2008 market crash, "and to their credit, they faced this challenge head on, cut back on their expenses and decided to work a little longer than they originally expected. ... Their hard work paid off and they are now retired with enough savings," he says.

Work the "three levers." A secure retirement, no matter your current situation, balances out your savings level, time until retirement and spending level in retirement. "That's often the secret -- looking for ways to make incremental changes across multiple fronts, which together can provide much more leverage than any one strategy alone," says Dave Yeske, managing director at the wealth management firm Yeske Buie and director of the financial planning program at Golden Gate University's Ageno School of Business. "The beautiful part of this story is that all three of those levers are within your control."

Keep calm and (don't) tarry on. What sounds like mere behavioral advice will make all the difference regarding the speed and rationality you take to your retirement quandaries. "Avoid panicking or standing out on a ledge," says Catherine Collinson, president of Transamerica Center for Retirement Studies. "It's totally counterproductive and a waste of precious time and energy that could be put to better use in terms of taking steps forward to improve your financial situation." One step she recommends is both commendable and courageous: "Take a close look in the financial mirror."