



**Ameriprise Financial Services, Inc.**  
Union Square  
46 Davis Street  
Bradford, PA 16701  
814.368.9160

**William W. Chapman, CFP® , MBA, ChFC®**  
Financial Advisor,  
CERTIFIED FINANCIAL PLANNER™ professional

## Dreaming of Retiring Early? Here's Your Playbook

Currently trending in the media is the concept of an incredibly early retirement, called the FIRE (financial independence, retire early) movement. News outlets are printing stories of people successfully retiring in their 50s, 40s and even 30s. If you are intrigued by the idea of retiring early, you are probably wondering if moving your retirement date forward is something within your reach.

As a financial advisor, I have seen firsthand how much work and dedication it takes to accomplish. But I can confirm that it is possible to retire early – it all comes down to what your dreams are for today, tomorrow and in retirement. Read on for some suggestions for how to assess if an early retirement is in the cards for you.

**1. Define your dream retirement.** A realistic early retirement plan doesn't happen by chance. It takes careful planning and deliberate action. Before you can figure out how to make early retirement a viable option, take time to envision the kind of life you want to lead when you leave your primary career. Where will you live? What kind of activities do you plan to pursue? These are the types of questions that will help you define what you want your retirement to be like.

**2. Quantify your goal.** Many retirees find they spend more money in the early years of retirement because they have more time to travel and pursue hobbies. If this aligns with your retirement vision, be conservative in your estimate of how much money you need each year. Once you have an estimate of how much it will cost, you will be in a better position to map the steps you need to take to save for your future.

**3. Decide which income source to tap into first.** Once you know how much your early retirement will cost, you'll want to line up the order in which you tap into your investments. How much income you need, the tax treatment of your investments, and the timing of when you'll take Social Security are all factors to consider as you map out how you will create a paycheck in retirement.

**4. Adjust your saving and spending today.** Once you have a clear idea of how much your dream retirement will cost, you can evaluate the potential tradeoffs and sacrifices necessary to make it happen. This will likely require reducing spending while maximizing the amount you are saving.

**5. Continue investing for growth.** It's common for retirees to adjust their investment allocation to be more conservative to protect their principal from potential market downturns or increased volatility. While this may make sense for some, it's important for your portfolio to at least keep on pace with inflation. After all, retirement can easily last several decades. Even modest inflation can make a meaningful impact over that timeframe. Factoring inflation into your projections can help you maintain your purchasing power throughout retirement.

**6. Don't overlook health care expenses.** Many retirees are surprised by how much of their budget goes toward medical expenses. Don't be one of them. Make finding health insurance a top priority.

And, consider the pros and cons of purchasing long-term care insurance.

**7. Be flexible.** In life and investing, there are no guarantees. Unexpected events can happen any time, and many have financial implications. Think about what your options are if your savings come up short, such as adjusting your retirement date, spending or perhaps picking up a part-time job, and make sure you have the right insurance in place to cover your various assets.

Retiring early is a big dream. If you want help deciding if or how moving your retirement date forward is realistic for you, meet with a financial advisor. Together you can review your goals, investments, risk tolerance and other factors to help you make retirement decisions with confidence.

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WILLIAM W. CHAPMAN, CFP®, MBA, ChFC®, is a Financial Advisor and CERTIFIED FINANCIAL PLANNER™ professional with Ameriprise Financial Services, Inc. in Bradford, PA. He specializes in fee-based financial planning and asset management strategies and has been in practice for 20 years. To contact him, visit <http://www.ameripriseadvisors.com/william.w.chapman/>, call (814) 368-9160, or stop in his office at 46 Davis Street, Bradford PA, 16701

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