There's only

ONE NUMBER

YOU NEED TO **PREDICT YOUR** RETIREMENT

DENTISTADVISORS.COM

How much money do you need to retire?

This is one of the most common questions dentists and specialists have about their finances, and every mainstream finance guru, investment book, and wealth advisor seems to have a different answer.

It's time to stop getting frustrated by conflicting advice and complicated formulas—because we have the right answer. There's only one factor that will accurately determine your retirement preparedness: **your Total Term (Tt)**.

We'll tell you how to calculate, assess, and increase your Tt so you can anticipate your retirement date without any more headache or confusion. And we'll keep things simple so you can feel confident in the numbers and start taking action.

YOU'LL LEARN HOW TO:

1. Calculate your Tt to help determine how prepared you are for retirement
2. Assess how much money you really need to retire
3. Identify spending habits that are shortchanging your retirement
4. Improve your spending habits in just 30 minutes every 30 days

Let's get started.

1

What is your Total Term?

Your Tt estimates the number of years you could live on the assets you currently have (if they did not grow). This includes your **cash and investments**, **practice value**, and **real estate equity**.

Here's how to calculate your Tt:

1 Determine how much your assets are worth: add up your cash, investments, real estate equity, and practice equity.

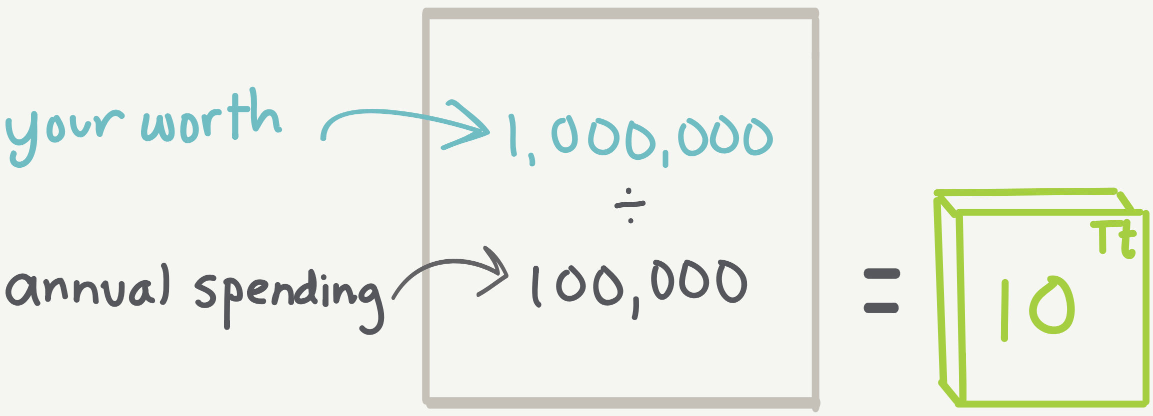
Assets (Practice Value
Real Estate
Cash + Investments)

2 Add up all your debts: student loans, practice loans, mortgages, and any other debt you have.

– Debt (ALL LOANS)

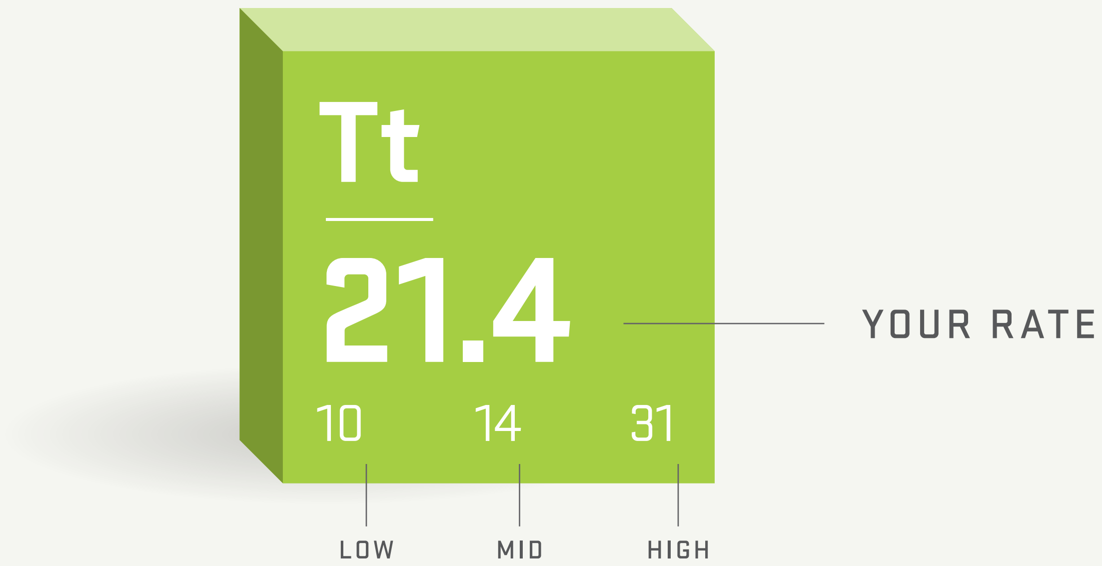
3 Subtract your debts from your assets to calculate what you are worth. Sometimes people call this your net worth.

= "Net Worth"



4 Now, divide your net worth by your personal annual spending to get your **Tt**.

Tt represents your overall preparedness for retirement. For example, if your net worth is $1 million and you spend $100,000 annually, then your Tt is 10. This means you are currently worth 10x your annual spending and if you were to retire now, your wealth could support you for at least 10 years.

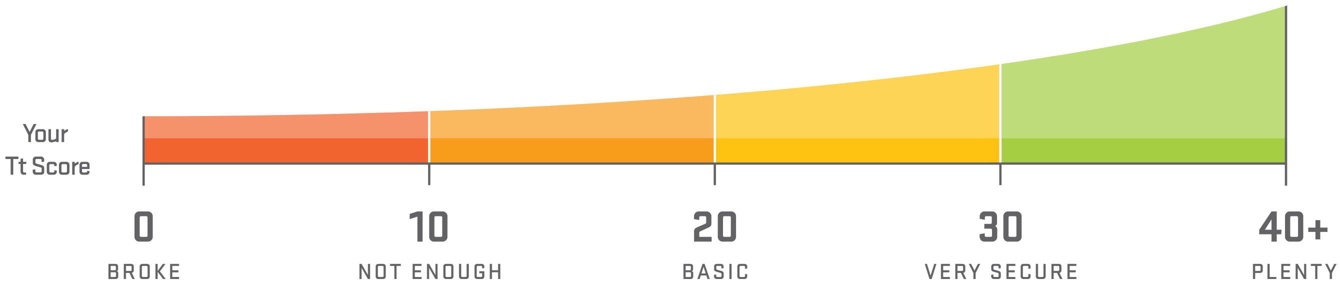


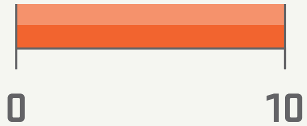
If you want to avoid spending down the equity in your home during retirement, you should exclude the value of your primary residence in your Tt calculation. Most dentists prefer to avoid having any debt against their homes during retirement. But this is a luxury that some people do not have, as they are forced to spend down the equity in their homes because they failed to accumulate sufficient assets. In other words, their Tt is too low. Whatever your preference, plan accordingly. You'll either pass along the equity in your home to your heirs, or use the equity for your own needs during retirement.

2

Is Your Total Term Enough for You to Retire?

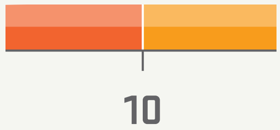
Now that you've calculated your Tt, how do you know if it's enough? Here's a closer look at what kind of security you can expect at each level of Tt.





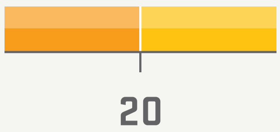
Tt ≤ 0 = Broke

We've all been there. Whether you're fresh out of school, or had a string of bad luck—you've got a clean slate. There's no place like the present to start making progress.



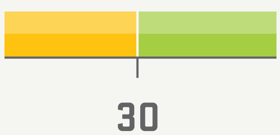
Tt ~ 10 = Not Enough

You've probably worked your tail off to get this far. The first 10 are the hardest 10 to earn because the compounding effect of money hasn't really kicked in yet. But you're not ready to retire. You should have a solid emergency fund, a consistent savings plan, and be very organized with all your finances. But keep building—you're doing great.



Tt ~ 20 = Basic Retirement

For many people, a 20 Tt might be the starting point for a basic retirement. There's nothing to be disappointed about; you've worked hard and made a lot of good decisions to get here. But retirement won't be extravagant, and for a lot of people that's o.k. In this situation, your financial advisor needs to be cautious as he measures your spending and helps you plan your retirement budget. One important consideration for people at this level is that eventually, they may need to spend the equity in their home in order to meet living expenses.

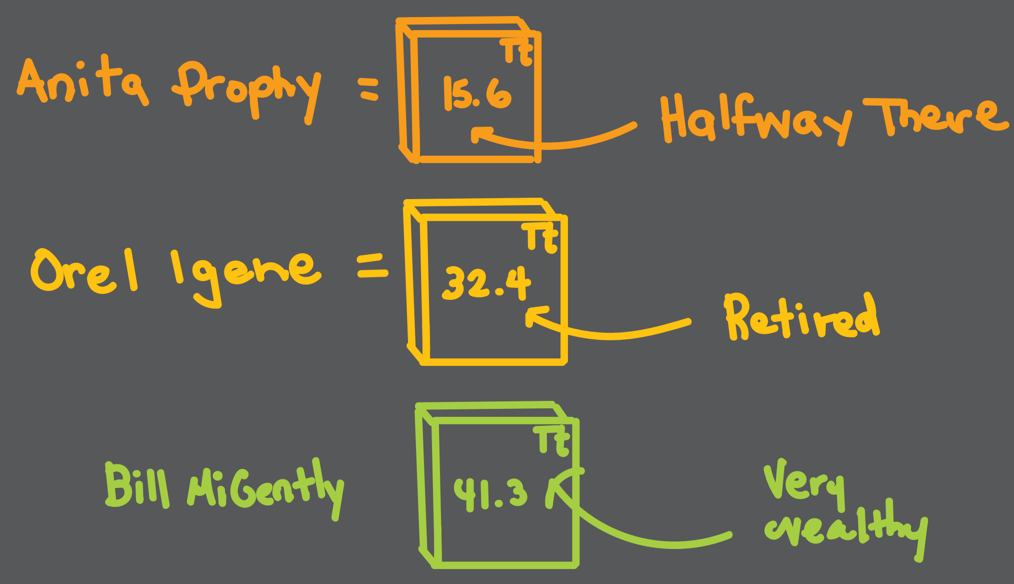


Tt ~ 30 = Very Secure

It's best to have a Tt of 30 or more before you retire. You'll have enough cushion to endure market fluctuations without making any dramatic lifestyle changes or depleting your liquid assets. Most people with a 30+ Tt will be able to pass significant wealth on to their heirs and charities if they maintain consistent spending patterns. As opposed to those in the 20 Tt group, you may be able to avoid using any of the equity from your primary residence to retire comfortably.

Tt ~ 40 = Plenty

A Tt of 40 or more provides you with enough financial cushion to spend more confidently on unique travel experiences, improve your lifestyle, and obtain new property. Individuals with a 40+ Tt are considered very wealthy and will be able to spend time focusing on significant charitable giving opportunities or estate planning for their heirs.



Be Realistic About How Much You Need

Yes, it's ideal to have a Tt of 30 or more—but that doesn't mean you can't retire well on less. If you have conservative, consistent spending habits, a Tt of 24 or 26 may be enough to sustain you through retirement without any penny pinching.

> *"Retirement is not an age. It's a financial number."*
>
> ~ CHRIS HOGAN

So how can you determine how much money you really need to retire?

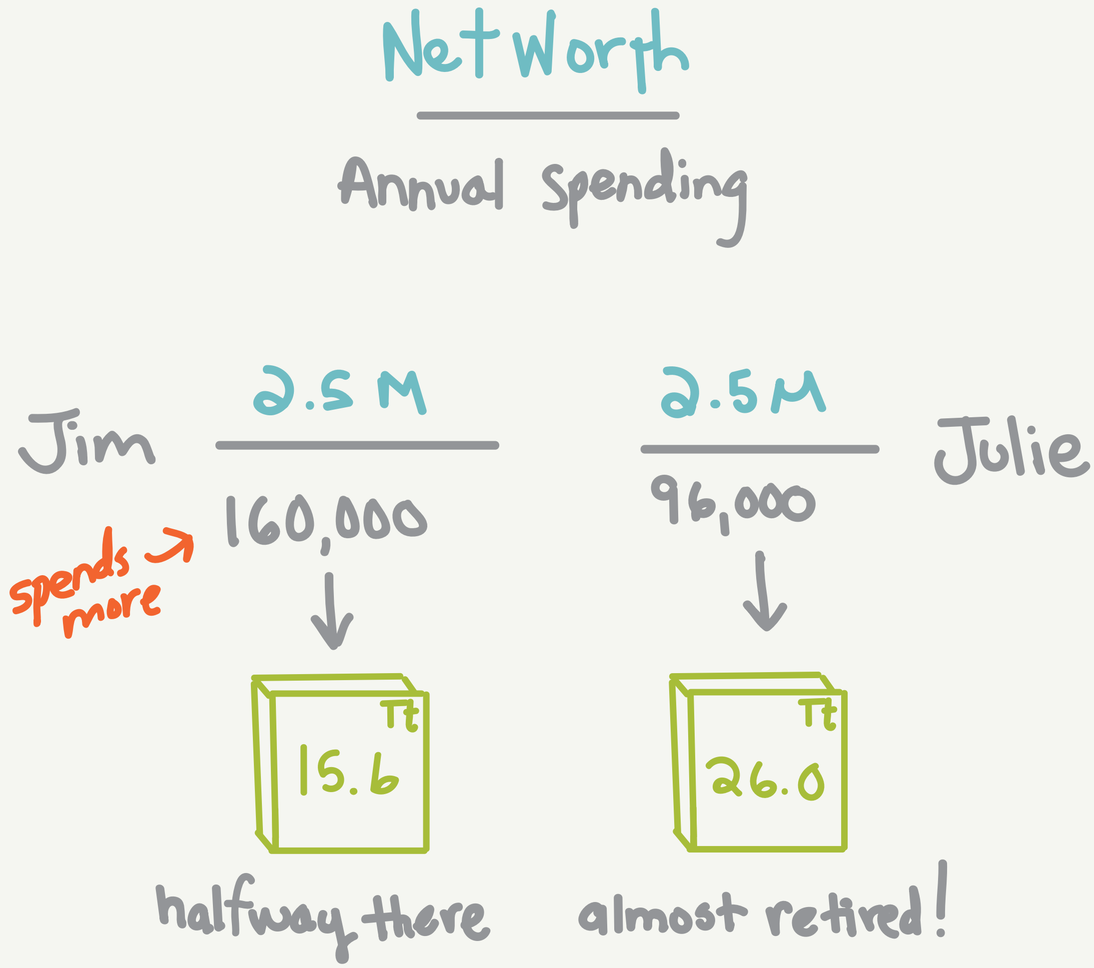
Look no further than your spending habits.

3

Your Spending Habits Make or Break Your Tt.

Your personal spending—not your income—is what drives your nest egg. Don't let a sizable income fool you into thinking your retirement is in the bag: if you're spending that sizable income rather than investing or saving it, you may not be as financially secure as you think.

Same Nest Egg... Different Retirement



Stop focusing on that income number and get in the habit of:

KNOWING not guessing—how much you spend

TRACKING your transactions

ASSESSING your spending habits and adjusting them accordingly

If you can follow these three routines, they'll help you make—rather than break—your Tt.

KNOWING

If You're Guessing, You're Getting It Wrong

Don't guesstimate with your finances. You'll get it wrong every time. And you'll get it **really wrong**. Our new clients are typically underestimating their spending by 20-40% when they arrive on our doorstep—which, by the way, is enough of a miscalculation to set you back by millions of dollars by the time you reach retirement age.

Why are we so bad at knowing what we spend? A two-year study by the JPMorgan Chase Institute says it's because **we spend inconsistently**: the study found that more than half of us have a **30% fluctuation** in spending from month to month.[1]

These financial swings make it impossible to determine what you're spending by merely guessing. If you're going to get it right, **you need data**.

TRACKING

Track, Track, Track

"Personal finance is about 80 percent behavior. It is only about 20 percent head knowledge."

~ DAVE RAMSEY

In real estate, it's all about location.

In personal finances, it's all about tracking.

Tracking what you spend is the first step in being able to:

1. Identify red flags
2. Squash bad spending habits
3. Save and invest more
4. Increase your net worth (and Tt, of course)

The good news is that tracking doesn't have to be a chore—**all you need is an app**. There are several apps that will automatically track and categorize your transactions, as well as create basic financial reports.

ASSESSING

Assess Your Spending

It's not enough to simply track your expenses; if you want to optimize your finances and ultimately increase your Tt, you need to evaluate your spending habits. This is where all that data you've been collecting will come in handy.

Assessing your spending, however, won't work if you aren't looking at the right numbers. Remember that 30% monthly fluctuation we mentioned above? Basing your calculations on the low or high end of your range of spending will result in significant errors—you'll either create budgets that are impossible to stick to, or you won't save as much as you could.

To assess your finances accurately, **look at an average of your spending over a three-year period**. This will allow for the fluctuation in your monthly spending, as well as larger, yearly fluctuations that result from events like home refinancing, paying off debts or making large purchases.

If you haven't been tracking your finances long enough to have three years of data, aim to use the average from the longest time frame available.

Like tracking, assessing your finances doesn't require advanced calculus skills. Even 30 minutes, every 30 days is enough to make small, consistent improvements that will result in a higher Tt and a better retirement.

4

30 Minutes Every 30 Days Can Increase Your Tt.

Most of us don't have time for a financial overhaul. That's fine—**start small**. Devoting just 30 minutes every 30 days to evaluate your finances can help you decrease your spending, increase your Tt, and **ensure a more secure retirement**.

TO SAVE TIME, SET THE APP TO AUTOMATICALLY DIVIDE YOUR TRANSACTIONS INTO THE FOLLOWING CATEGORIES:

- Mortgage / Rent
- Groceries
- Cars
- Children
- Charity
- Student Loans
- Home Expenses
- Dining Out
- Insurance
- Bills / Utilities
- Medical
- Hobbies / Recreation

At the end of each month, review your transactions and look for extraneous costs or splurges, trending increases, and charges that you don't recognize. If you're putting less than 20% of your income toward your retirement fund, find areas in which you can decrease spending, then put the funds you recover from those decreases toward your retirement.

You're likely spending money in several categories that would be more beneficial to you as part of your Tt. If your costs for dining out have steadily increased over the past several months, it's time to trade in a few of those five-star filet mignons for nights of grilling at home.

"The habit of saving is itself an education; it fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought, and so broadens the mind."

~ T.T. MUNGER

Remember, the more accountable you are about what you spend, the more opportunity you have to create financial security. In fact, research has shown that creating accountability routines can increase your willpower in several areas of your life.[2]

Your finances will improve in direct proportion to your willingness to:

- Be discerning about your spending
- Improve your bad habits
- Prioritize your long-term financial goals
- Get educated about financial best practices

Your Retirement Just Got Better.

We've given you the tools to calculate, assess, and improve your retirement.

Now it's time to use them.

If your Tt isn't where you'd like it to be, call us.

We won't confuse you with conflicting advice or complicated formulas. We'll calculate your Tt for free, then assess your finances to tell you how you can streamline your spending, create more financial security, and increase your Tt.

We're the premier wealth management firm for dentists and specialists, and we do more than just invest your excess wealth. We use a proprietary methodology to gain a comprehensive view of your financial health, and we leverage our industry expertise to provide you with data-driven, expert advice.

Call us today at (800) 890-8095
to schedule a free consultation with one of our wealth advisors.

Book a free consultation at DentistAdvisors.com

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