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5 THINGS CHRISTIANS MUST CONSIDER BEFORE RETIREMENT

ABOUT

Demland Wealth is a fee-only independent RIA devoted to helping Christians with their money so they live wisely, grow spiritually, and give generously.

Predict your annual expenses.

Most people's lifestyle expenses don't change too much in the first few years of retirement. Planning out what you're going to spend in retirement is extremely important before you retire.

Develop a detailed budget that includes all anticipated expenses in retirement, like housing, healthcare, travel, and leisure activities.

Consider inflation and unexpected costs to ensure your budget is realistic for the long term. Stuff is going to get more expensive as time goes on, so establishing a good realistic starting point is important.

Don't short yourself in this area! Be realistic and plan to enjoy life in retirement, you'll want to be able to travel to see grandkids, give to your church, and buy a couple new cars in these years of your life.

Proverbs 21:5 (NKJV)

The plans of the diligent lead surely to plenty,
But those of everyone who is hasty, surely to poverty.

Manage Debt and Financial Obligations

If you can retire with no debt, you're going to be in a much better place than if you don't. Debt payments restrict what else you can use your money on. Since there are only 5 things you can do with money (Live, Give, Grow, Owe taxes, and Owe debt) having payments limits how much cash you have to use on living, giving, and growing.

Aim to enter retirement with minimal or no high-interest debt. Pay off outstanding loans, especially credit cards and other high-interest debts. If you can have your mortgage paid off, even better!

Review and prioritize debt repayment based on biblical principles of stewardship to reduce financial burdens on your family.

Proverbs 22:7 (NKJV)

The rich rules over the poor,
And the borrower is servant to the lender.

Invest Wisely According to Biblical Principles:

Make sure your investments are in alignment with your plan and your values. Too much risk is no good, and so is too little. Retirement isn't a time to stop being productive, so continue to steward the wealth you have in a way that honors God.

Seek advice from financial professionals who understand your values and can guide you in making investments that align with biblical principles.

Proverbs 13:11 (NKJV)

Wealth gained by dishonesty will be diminished,
But he who gathers by labor will increase.

Reduce and Transfer Risk

In retirement, it's important to have a beefy emergency fund, something that can help you weather unexpected events in life. Thankfully, since you'll be retired, you won't have to worry about losing your job. Your income is most likely coming from investments and pensions, so the risk you're battling with your emergency fund is more geared toward outlasting long dips in the value of your investments. Depending on your personal risk tolerance, this could be as little as 3 months worth of expenses and as much as a year's worth.

Get a plan for long-term care. It's very common that long stays in a hospital or nursing home eat up the nest-egg of retirees. Prepare for this plan. Common ways of transferring this risk are to purchase a LTC insurance policy or to self-insure.

Healthcare might be the most expensive part of retirement. If you're retiring before Medicare (age 65) you'll want to look at COBRA options, the health insurance exchange, and different sharing ministries to see what's right for you. When you're Medicare age, you need to make sure you enroll before the deadline and choose the right supplement plans.

Proverbs 6:6 (NKJV)

Go to the ant, you sluggard!
Consider her ways and be wise,

Engage in Tax-Efficient Charitable Giving

Giving is the most fun you can have with money! Using tax-efficient strategies can maximize the amount you give while also reducing your taxable income in a given year. Look ahead at gifts to your church and work with a tax professional to execute some proven strategies that help align your money with your values. Explore tax-efficient ways to give, such as donor-advised funds or qualified charitable distributions from retirement accounts.

Plan on giving and do it with great joy!

2 Corinthians 9:6–7 (NKJV)

6 But this I say: He who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. 7 So let each one give as he purposes in his heart, not grudgingly or of necessity; for God loves a cheerful giver.
