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A New Breed of Financial Advisor Takes Off

Laura Shin, CONTRIBUTOR

Earlier this year, when Charles vonLindenberg was considering hisretirement, he was certain he wanted to start his Social Securitybenefit when he was first eligible — at his current age, 62.

Even though he knew he would get a higher amount if he waited until, say, age 70, he had heard that Social Security might be at risk, and he didn't think he had longevity on his side — he had worked a physically demanding job as a longshoreman for 42 years, putting in 72-hour weeks.

But what he didn't consider was that he had been the primary breadwinner throughout his marriage. That meant that if he took the lower Social Security benefit by starting payments early, his wife, who could outlive him, would also be locked into that lower payout.

Luckily, his son Chris, a certified financial planner and owner ofLindenberg Financial Inc., realized what would happen.

"My parents are a financial team. … What might make more sense for my parents, in that example, would be they might consider spending down other assets they've accumulated prior to collecting Social Security and delaying the Social Security age claiming decision — file and suspend benefits, perhaps to age 70 for my dad, because he would get an increase in his Social Security beyond the normal retirement age, and my mom as a survivor would be entitled to that benefit for the rest of her life as well."

Chris says he doesn't bring up this example to say that there's a one-size-fits all answer to Social Security, but to demonstrate why it's so important to work with a professional. And one recent development made him especially qualified to help his parents: He had just received a new financial advisor credential called Retirement Income Planning Professional (RICP).

One of the newest designations out there for financial planners, the RICP was launched a year ago by the American College of Financial Services and is now the fastest-growing credential in the college's 87-year history. Two hundred and fifty people — many of whom already had the CFP credential — already completed the three courses that make up the nine- to 12-month program, while another 3,000 are currently enrolled.

And no wonder: Every day, 10,000 baby boomers retire — and while many financial planners have learned in great depth how individuals and couples should *accumulate* wealth, they could be more well-versed in how to *spend* it — which means, how to turn one's accumulated assets into retirement income. In fact, a poll that the American College conducted with Investment News found that 94% of financial planners believe that planners need to know more about retirement *income* planning, which focuses on that "spend down" phase as opposed to retirement planning which looks at accumulation. (And new studies are upending conventional wisdom about how to handle one's assets in retirement.)

"Everyone is aware that once they move into retirement, they need to figure out what are they going to do with those assets and how are they going to address those new risks they face in retirement," says Dave Littell, the RICP Retirement Income Program Director at the American College. "There's a general recognition that it's complicated too. It's something that requires advice. It's very hard to do this on your own. Just think of what we're talking about: people making sure they don't run out of money at the end of their life when they can't do anything about it. So the stakes are very high."

He's right — if you thought it was hard enough to save a large enough nest egg, consider the questions you'll face once you do retire:

- **When should you take your Social Security to optimize benefits? (Charles vonLindenberg's dilemma)**
- **Which tax vehicles should you withdraw money from first — a Roth IRA, a 401(k) or a taxable account?**
- **How should you finance your health care and long-term care?**
- **Where should you live? (And how will you pay for it?)**
- **And even doozies like this one: Should you annuitize a portion of your assets or take systematic withdrawals from an investment portfolio?**

Littell says the program has also taken off because of broader changes in the way people save for retirement — namely that pensions, which pay out a fixed monthly amount upon retirement, no matter what the investment returns have been, have become less popular in favor of retirement accounts like 401(k)s, whose monthly benefit depends on how well the investments have fared. (That's why Gen X and Late Boomers aren't on track for retirement.)

So, Who Exactly Needs To See An RICP?

While one should start regular retirement planning (the accumulation plan) as soon as one starts drawing a paycheck, it probably makes sense to start thinking in your mid-50s about the "spend down" phase, though the plan should remain fluid as the market fluctuates and your circumstances change.

"When I think of all the types of financial planning, this is the one area that requires the most monitoring," says Littell.

Here are three ways in which an RICP could come in handy both before and during retirement:

1. In your mid-50s, an RICP could help you decide whether to buy deferred-income annuities, which is sort of like purchasing your own pension that promises to pay you a certain monthly amount at a later date.

2. Once you retire, if you decided against such annuities in favor of withdrawing a certain amount annually from your investment portfolio, an RICP could help you make sure your nest egg lasts even if the market drops.

3. Finally, an RICP could help you decide if it makes sense to buy yourself an annuity later on in life. "We think of [annuitizing] as a decision you make at retirement, but there are a lot reasons to annuitize over time, partially because interest rates change over time," says Littell. "And if you buy life income as you age, you get more mortality credits — life expectancy becomes shorter, and you get a higher payout rate on your annuity." (For example, Littell's father bought himself a life annuity at age 84 — and now that's he's 102, he's very glad he did.)

The eyes of an RICP will be useful not just for answering these questions but also ensuring that your financial decisions are also tax-efficient. (Learn how to choose a financial advisor with these 10 questions.)

And an RICP's input doesn't benefit only the retiree. As Chris vonLindenberg said about his parents' Social Security dilemma: "I'm an only child, so if my folks run out of money, who's on the hook? I am."

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