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Make sure investments will last a lifetime

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Live to 100. Sounds great. But what are the downsides? "How can there be downsides?" you may ask. After all, you'd have more time to golf, go fishing, and spend with the grandkids. Well, the risk may be that if you hadn't planned to live that long you could end up running out of money.

So how long of a retirement should you plan for?

According to the IRS, a 70-year-old person is expected to live for 17 more years to age 87. However, this is an average. Half of the 70-year-olds will live longer and half will not. Therefore, a 70-year-old individual who is basing his or her retirement plan and spending habits on living to 87 is rolling the dice. Furthermore, when you consider that there are more than 70,000 U.S. centenarians who represent the fastest-growing segment of our population, there is reason to take notice.

However, planning too conservatively could be detrimental as well. After all, you don't want to cut your standard of living down to the point that you'll be miserable. And of course, you always have the option to make adjustments in your spending as time goes on.

All of this comes down to two simple facts: You can control how long your money will last, but you only have a limited ability to predict how long you will live. So what can you do to reduce the risk of running out of money too soon?

Some of the recommendations I make to my clients include:

n Consider investment vehicles that pay an income for your lifetime.

n Maximize your investment set-ups as "safely" as you can.

n Minimize nonessential living expenses and reduce the taxes you might be overpaying.

n Lastly, get the advice and help from trained or certified investment advisers. Doing so will not guarantee you will have enough money to last your lifetime, but it may help you avoid making some serious financial mistakes.

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