THE FINANCIAL SIDE OF RETIREMENT PLANNING

Starting to plan for retirement?

Four questions to ask—at any age

For many, retirement is one of their most important goals, but planning how to get there can sometimes be overwhelming. With appropriate preparation, though, you and your advisors can create an effective path to prepare you for retirement. Whether you are in your 20s, your 70s, or somewhere in between, answering four questions may help you factor in the right information and begin your path to retirement planning.

1) Where am I in life?

The first question relates to your current stage of life and the responsibilities you have. Reviewing the action items below, among others, and determining how they apply to you, can help you begin your retirement needs calculation at any stage.

In your 20s and 30s

- Learn about your employer-sponsored retirement program and individual retirement accounts
- Begin saving for retirement and avoid borrowing from those savings, if possible
- Create an estate plan and consider any life insurance needs

In your 40s and 50s

- Establish a retirement savings goal
- Consider any possible expenses for college education and parents' healthcare
- Revisit your retirement plan regularly
- Contribute maximum amount allowed to your retirement plan, if possible

In your 60s, 70s and beyond

- Establish a clear vision for your retirement and plan accordingly
- Consider work options if you can't afford to retire or want to continue working
- Apply for Medicare three months before turning 65 and explore options for meeting healthcare needs
- Take any required minimum distributions (RMDs) from your retirement accounts
- Revisit your estate planning

2) What are my expectations for retirement?

With life spans increasing, your retirement could last as long as your working career. As a result, it is important to have a plan that identifies your objectives clearly. To do so, consider how you want to divide your time—and, more importantly, your accumulated assets—during retirement. Whether your retirement goals include vacations or sending your grandchildren to college or donating to charities, identifying the components of your dream retirement will help you and your advisors invest your assets appropriately.

3) How much do I need to save?

The variables that influence each individual's retirement are unique. That's why no single number can equate to a successful retirement for everyone—there's only *your* number. You'll need to consider several key factors to determine your number, including the following:

- **Current savings** – Start saving early to ensure you have the financial standing you want in retirement
- **Risk tolerance** – Know how much risk you're willing to take so you and your advisors can determine the best investment vehicles to meet your goals
- **Inflation** – Have an investment plan that can help your savings keep pace with inflation
- **Taxes** – Plan for taxes as they may still subtract from the value of your retirement assets
- **Social Security benefits –** Think about these benefits as a supplement to personal savings as these benefits may not provide enough to fund your retirement

4) How should I manage my retirement spending and income?

Many people have an unbalanced retirement equation because they plan the best way to *save* for retirement without considering the best way to *spend* during retirement. It is important to work with your advisors well in advance to make sure your plan is complete and your savings will last. Some steps in this process include:

- **Create a budget** – Consider your anticipated essential expenses, such as food, healthcare and housing, and your nonessential costs, such as vacations
- **Decide what assets to use first** – You may want to delay paying taxes as long as possible by using your taxable accounts first to pay expenses
- **Select a withdrawal method** – Consider whether you want to withdraw assets from your retirement account based on a specific dollar amount or a certain percentage each year
- **Take RMDs** – Include RMDs as part of your withdrawal strategy
- **Account for market downturns** – If there is a market downturn, adapt to the conditions and talk with your advisors about those decisions
- **Address life-changing events** – Talk with your advisors about any life-changing event such as marriage, a new child, job change, divorce, inheritance or disability

Retirement planning is a dynamic process, and your plans and strategies will likely change as your life changes. Start conversations with your advisors early, and continue them throughout your life, to help you navigate your retirement planning.
For more information on how to plan for retirement, visit our *The Financial Side of Retirement Planning* resource page.