



Are You Prepared?

A Financial Checklist for Retirement



The decade leading up to retirement may be the perfect time to assess your current fiscal state of affairs, refine your vision for retirement, and revise your savings and income strategies to ensure they align with your future needs and goals.

Answering the following critical questions can help you get started.

Where do you plan to live in retirement?

Your home and surrounding community will serve, both literally and figuratively, as the foundation of your post-retirement life. Which means your answer to this question will likely prove to be critical to answering many other fundamental questions about your retirement planning strategy.

Will you continue to work?

Whether it is part-time work, a reduced role at your current employer, or a new career or business, the additional income from a post-retirement job can serve as a useful supplement—even if for only a few years—allowing you to conserve the money in those retirement accounts a bit longer.

What will your retirement income sources be?

The specifics will, of course, vary by person, but some common sources of income in retirement include:

- Social Security
- Pension
- 401(k) or other retirement plans
- IRAs
- Taxable investments
- Annuities
- Income from working
- Other

A pension or Social Security entails a set monthly amount that is guaranteed. An annuity can provide guaranteed lifetime income as well.

Do you have a Social Security claiming strategy?

While you can take a benefit as early as age 62, it may pay to wait, depending on your circumstances. Check your Social Security earnings record to ensure it is correct and reflected in the benefits shown on your statement. Then include that amount in a comprehensive review of all your sources of retirement income.

Do you have a retirement income strategy?

It's important to understand the often complex tax and income implications of when and how you withdraw money from your retirement accounts. The expertise and institutional knowledge of a seasoned financial advisor can often prove invaluable when formulating a strategy in this arena.

How will you cover healthcare expenses?

The ever-rising cost of healthcare can be an especially thorny challenge for retirees. Total projected lifetime expenses for a healthy 65-year-old couple retiring in 2017 add up to \$404,253 in today's dollars, according to HealthView Services's 2017 Retirement Health Care Costs Data Report¹. Based on the time horizon used in the study, this translates into costs in excess of \$18,000 per year. Factor in inflation and increased longevity and these costs can increase quickly.

How does the income generated by your assets match up with the cost of your desired retirement lifestyle?

If there is a potential income shortfall, plan for how to close that income gap.

You might, for example:

- Contribute more to your retirement accounts or save more in taxable accounts during what for many are peak earning years.
- Plan on working longer—putting off tapping into your nest egg by even a couple of extra years can have a big impact. Your assets will have more time to potentially grow even as you continue to contribute to your retirement accounts.
- Consider options such as annuities to help generate guaranteed retirement income.
- Review your budget and divide it between essential lifestyle expenses and discretionary lifestyle expenses.

¹ HVS Financial, 2017 Retirement Health Care Costs Data Report, <http://www.hvsfinancial.com/2017/06/12/2017-retirement-health-care-costs-data-report/>

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