



# Retirement Planning

## From Start to Finish



# Life is about the journey...

From beginning to end, life is full of milestones—graduating college, getting your first job, starting a family, buying your first home—but perhaps one of the most challenging is a comfortable retirement. More than a matter of luck, it takes careful planning and implementation throughout your adulthood to achieve this goal.

## ...so is your retirement.

No matter where you are in life, there are always things you can do to prepare to be financially independent and able to work, or not work, on your own terms. These include:

- ▶ Determining how much you need to save, and doing so
- ▶ Choosing savings vehicles
- ▶ Selecting the mix of investments
- ▶ Protecting against uncertainties

Since everyone's retirement is unique, so is the path to getting there. Depending on where you are in life, there are certain things you'll want to focus on that may help make the path a little smoother.

**This guide is a resource to help you understand what things to consider at various stages throughout your career.**



### Did You Know?

- Over half of American households age 55 and over have nothing saved for retirement.<sup>1</sup>

### What Can You Do?

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# Getting Started:

## More than 25 years until retirement

Whether you've just landed your first job, joined a new company, or have reentered the workforce after some time off, now is the right time to start saving for retirement. The challenge, however, is that things like living on your own for the first time, adjusting to a new career and income, building an emergency fund, and getting rid of pesky credit card and student loan debt may get in the way of saving for the long-term goal of a satisfying retirement. Finding a way to tackle short-term goals and start saving for retirement at the same time takes some planning and discipline.

### EARLY-CAREER RETIREMENT PLANNING MILESTONES

At this stage, it is vitally important to establish a strong financial foundation. Consider these suggestions:



#### Create a spending plan

Track your expenses, and use this information to create a plan for spending money. Your plan should account for monthly and non-monthly expenses.



#### Build an emergency fund

Deposit funds automatically into a savings account until you have at least 3-6 months of expenses saved.



#### Pay off debt

Prioritize paying off high-interest debt (generally debt with interest rates greater than 4-6%) first.



#### Save for retirement

Contribute as much as you can afford to a workplace retirement plan, IRA, or HSA. Save at least enough to get the full company match, if available.



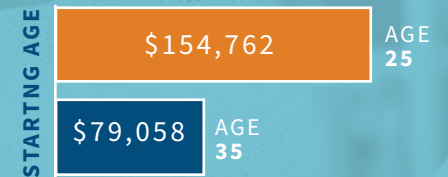
#### Invest for the long haul

Take advantage of your time horizon by investing more of your savings in long-term instruments (e.g., stocks, bonds, real estate).



### Did You Know?

Starting early makes a BIG difference!



Saving \$1,000 a year, earning 6% annually, until age 65.

### Helpful Resources

- Budgeting apps: [www.mint.com](http://www.mint.com) and [www.ynab.com](http://www.ynab.com)
- 5 Steps to Successful Money Management: [secure.financialfinesse.com/go/2984](http://secure.financialfinesse.com/go/2984)
- 5 Steps to Getting and Staying out of Debt: [secure.financialfinesse.com/go/2985](http://secure.financialfinesse.com/go/2985)
- Sample investment strategies: [www.aaii.com/asset-allocation](http://www.aaii.com/asset-allocation)

# Mid-Career: 10 - 25 years until retirement

Once you have started to save, your income will likely increase, but now you find yourself with competing priorities. Things like buying a home, saving for your kids' college education, and caring for loved ones will enter the picture and affect your budget and savings. With all this going on, it might feel easier to hit the pause button on saving for your retirement, or maybe cut back on how much you have been saving. You can borrow money for a lot of expenses in life, but retirement isn't one of them. Keep saving for your retirement a top priority.

## MID-CAREER RETIREMENT PLANNING MILESTONES

Keep your finances in order, while managing competing priorities. Here are ways to stay on track:



### Run a retirement projection

Use a retirement estimator to determine whether you are on track to reach your retirement goal.



### Estimate your life expectancy

You don't want to outlive your savings, so use a resource to see how long you are estimated to live.



### Adjust your investment strategy

Review your investment strategy, adjusting for changes in time horizon and tolerance for volatility, not past performance.



### Manage risk with insurance protection

Protect income in the event of injury, illness, or death, with adequate life and disability insurance coverage.



## Did You Know?

- 49% of non-retired Americans are not confident they will reach their retirement goals.<sup>2</sup>
- About one out of every three 65-year-olds today will live past age 90, and about one out of seven will live past age 95.<sup>3</sup>

## Helpful Resources

- Retirement Estimator: [ffcalcs.com/retirement\\_estimator](https://ffcalcs.com/retirement_estimator)
- Estimate your life expectancy: [www.longevityillustrator.org](https://www.longevityillustrator.org)
- Risk Tolerance and Asset Allocation Worksheet: [secure.financialfinesse.com/go/2997](https://secure.financialfinesse.com/go/2997)
- Information on life and disability insurance: [www.lifehappens.org](https://www.lifehappens.org)

# Approaching Retirement:

## Less than 10 years until retirement

You've come to the point where retirement is just over the horizon. Start evaluating your various income sources, including part-time work, pension and Social Security benefits, and income from assets such as retirement plans and real estate. It's also a good time to start estimating retirement expenses. You may have paid off your mortgage and other debt, but these expenses may be replaced by healthcare, travel, and other lifestyle expenses.

Now more than ever you'll want to have your budget in place, along with a clear understanding of retirement benefits, Medicare, and a plan for protecting and distributing retirement assets.

### LATE-CAREER RETIREMENT PLANNING MILESTONES

Manage and protect the nest egg you have worked hard to build. Consider these steps:



#### Evaluate income sources

Pensions, Social Security, and annuities provide guaranteed lifetime income, while retirement accounts (e.g., 401(k), IRA), real estate, and other assets provide income that may fluctuate in value, but might provide a hedge against inflation.



#### Create a distribution strategy

Compare retirement income to expenses to determine how much you can afford to spend without depleting your nest egg too quickly.



#### Decide when to take retirement benefits

Most Americans are eligible for Medicare starting at age 65, and reduced Social Security benefits start at age 62, although the longer you wait, the more you get.



#### Preserve your estate

Protect assets with long-term care and umbrella liability insurance, and make sure assets transfer efficiently to loved ones through proper estate planning.



### Did You Know?

- Starting at age 50, you may begin making “catch-up” contributions to retirement plans and IRAs.
- 70% of people turning age 65 can expect to use some form of long-term care during their lives.<sup>4</sup>

### Helpful Resources

- How long will your nest egg last?: [ffcalcs.com/how\\_long](https://ffcalcs.com/how_long)
- Deciding When to Claim Social Security: [www.soa.org/Files/Research/research-pen-deciding-ss.pdf](https://www.soa.org/Files/Research/research-pen-deciding-ss.pdf)
- 12 Simple Steps to an Estate Plan: [www.nolo.com/legal-encyclopedia/12-simple-steps-estate-plan-29472.html](https://www.nolo.com/legal-encyclopedia/12-simple-steps-estate-plan-29472.html)
- Long-term care insurance: [www.lifehappens.org/insurance-overview/long-term-care-insurance](https://www.lifehappens.org/insurance-overview/long-term-care-insurance)



# Post-Career Retirement Planning

You have put your plan into action and it's time to reap the benefits of your nest egg. Life is forever changing, so be sure not to put your retirement decisions on auto-pilot. Review your financial plan each year to make sure your nest egg will last. Account for any changes to tax laws, healthcare costs, and other influencers that might impact your savings. Evaluate how your investments have performed and whether you need to make any adjustments to your spending plan. Be sure that you are withdrawing your funds as tax efficiently as possible.

## POST-CAREER RETIREMENT PLANNING MILESTONES

Here are some ideas to keep it simple:



### Adjust your plan as needed

You may have to retire sooner than expected, or decide that you're not quite ready. Be flexible, adjusting your lifestyle to changes in health, family, and cash flow.



### Re-evaluate Medicare

The Medicare coverage options you initially chose are not permanent. You can change them each year during an open enrollment period to other options that may be less expensive or a better fit for your changing needs.



### Structure your leisure time

As the saying goes, if we rest, we rust. Decide how, where, and with whom you want to spend your time. Develop new passions. Take a class, volunteer, dust off an old hobby, or start a new one.



### Leave a legacy

Contact charitable organizations and ask about legacy planning, and prepare an ethical will or legacy letter that lets loved ones know how you wish to be remembered.



## Did You Know?

- 60% of retirees retired sooner than planned.<sup>5</sup>

## Helpful Resources

- Post-Career Planning: [www.kiplinger.com/article/retirement/T047-C000-S002-get-a-coach-to-help-you-plan-for-retirement.html](http://www.kiplinger.com/article/retirement/T047-C000-S002-get-a-coach-to-help-you-plan-for-retirement.html)
- How To Change Medicare Plans: [www.mymedicarematters.org/after-enrollment/time-to-re-evaluate](http://www.mymedicarematters.org/after-enrollment/time-to-re-evaluate)
- Retirement Health & Happiness: [www.soa.org/Files/Research/Projects/2017-retirement-health-happiness.pdf](http://www.soa.org/Files/Research/Projects/2017-retirement-health-happiness.pdf)
- Ethical will/Legacy letter: [celebrationsoflife.net](http://celebrationsoflife.net)

# Need help?

There are a number of professionals and organizations that can help along the way. Here is a list of a few:

## CASH & DEBT MANAGEMENT

- ▶ Financial coach
- ▶ Credit counselor  
([www.consumer.ftc.gov/articles/0153-choosing-credit-counselor](http://www.consumer.ftc.gov/articles/0153-choosing-credit-counselor))
- ▶ National Foundation for Credit Counseling® ([www.nfcc.org](http://www.nfcc.org))

## FINANCIAL PLANNING & LITERACY

- ▶ CERTIFIED FINANCIAL PLANNER® Professional ([www.cfp.net](http://www.cfp.net))
- ▶ Financial Finesse ([www.financialfinesse.com/blog](http://www.financialfinesse.com/blog))
- ▶ Feed the Pig® ([www.feedthepig.org](http://www.feedthepig.org))
- ▶ 360 Degrees of Financial Literacy ([www.360financialliteracy.org](http://www.360financialliteracy.org))
- ▶ Women's Institute for a Secure Retirement ([www.wiserwomen.org](http://www.wiserwomen.org))
- ▶ The Actuarial Foundation ([www.actuarialfoundation.org](http://www.actuarialfoundation.org))
- ▶ Consumer Financial Protection Bureau ([www.consumerfinance.gov](http://www.consumerfinance.gov))
- ▶ National Endowment for Financial Education ([nefe.org](http://nefe.org))
- ▶ Employer (Financial Wellness Program)

## WEALTH MANAGEMENT & INVESTING

- ▶ Financial Advisor
- ▶ Trust Officer
- ▶ The National Association of Personal Financial Advisors ([www.napfa.org](http://www.napfa.org))
- ▶ Financial Industry Regulatory Authority ([www.finra.org](http://www.finra.org))

## INSURANCE & ESTATE PLANNING

- ▶ Insurance Agent
- ▶ Estate Planning Attorney
- ▶ National Association of Insurance Commissioners ([www.naic.org](http://www.naic.org))
- ▶ National Association of Estate Planners & Councils ([www.naepc.org](http://www.naepc.org))
- ▶ American Association for Long-Term Care Insurance ([www.aaltci.org](http://www.aaltci.org))
- ▶ Life Happens ([www.lifehappens.org](http://www.lifehappens.org))
- ▶ MyDirectives ([www.mydirectives.com](http://www.mydirectives.com))

# References

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- <sup>2</sup> American Institute of Certified Public Accountants. 2017. Less than Half of Nonretired Americans Confident They’ll Reach Financial Goals. <https://www.aicpa.org/press/pressreleases/2017/pages/less-than-half-of-non-retired-americans-confident-theyll-reach-financial-goals-by-retirement-aicpa-survey.aspx>
- <sup>3</sup> Social Security Administration. 2019. Calculators: Life Expectancy. <https://www.ssa.gov/planners/lifeexpectancy.html>
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