

RETIREMENT CHECKLIST | Important retirement considerations



“80% of people ages 30 - 54 believe they will not have enough money put away for retirement” — U.S. Census Bureau (January 2016)

Whether you’re in or near retirement, keeping an eye on your spending - and its effect on your principal - can be pivotal in determining whether your funds will last at least as long as you do.

Many newly retired individuals spend more money during the first years of retirement than they did while working as they catch up on travel, take time to visit the grandchildren or dedicate themselves to new hobbies. This relatively high level of spending tends to taper off over time. However, while expenses for items such as travel and entertainment may lessen during the later retirement years, health related costs may increase faster than the general inflation rate. This tracking and planning sheet can help you identify these varying lifestyle expenses throughout your retirement and keep you on track.

Countering the impact of inflation

Whether rising inflation represents a current danger or potential threat, the possibility that the purchasing power of your money will diminish is a factor you must consider.

When you are working, your wages may rise as the costs of goods and services increase,

According to the Employee Benefit Research Institute, 53% of workers believe the cost of living and day-to-day expenses head the list of reasons why they do not save (or save more) for retirement.

thus keeping pace – more or less – with inflation. In recent years, sluggish economic activity has kept inflation low. However, even moderate inflation can significantly reduce your income over time.

Talk to your financial advisor about the inflation outlook as well as other factors that could affect your retirement income, including possible changes in tax law and the future of Social Security.

Amount Needed in Savings For Retirement		
Current Monthly Income Needed	Savings Needed for 20 Years	Savings Needed for 30 Years
\$1,000	\$166,696	\$212,150
\$2,000	\$333,392	\$424,300
\$3,000	\$500,087	\$636,450
\$4,000	\$666,783	\$848,601
\$5,000	\$833,479	\$1,060,751
\$6,000	\$1,000,175	\$1,272,901
\$7,000	\$1,166,871	\$1,485,051
\$8,000	\$1,333,567	\$1,697,201
\$9,000	\$1,500,262	\$1,909,351
\$10,000	\$1,666,958	\$2,121,501

The above sums assume your portfolio will earn a 6% annualized return during the course of your retirement and endure 2% annual inflation erosion.

Source: U.S. Census Bureau (January 2016)

Important Considerations

LIFESTYLE

"55-64 year olds outspend the average consumer in nearly every category, including: food away from home, household furnishings, entertainment, personal care, and gifts," (US Government Consumer Expenditure Survey). As people begin to age and approach retirement there are many aspects of life that they begin to take into consideration, and if adequately planned for, can be exciting new experiences. If they have not planned accordingly they will remain ideas and dreams.

- What is your preferred style of living? Will you continue to dine out, shop in the same manner, etc.?
- Will you live in an apartment, a condo, buy a new house or renovate an existing home? At some point will assisted living be necessary?
- Are there places in the world that you would like to visit?
- Is there a major purchase, such as a boat or a car, you have always wanted to make?

HEALTH

When planning for retirement, people often times forget to think about their health. As time goes on the cost of healthcare continues to soar and medical issues tend to become more chronic or severe.

- What type of Health Insurance coverage will you maintain, whether through employment or self-funded?
- Have you made a list of your medical history, physicians, medications and restrictions?
- In terms of long-term care, is there a history of family medical conditions that could play a role in your health?

FINANCES

Finances can be a difficult area of life for so many. According to a 2014 survey by the Employee Benefit Research Institute, 60 percent of respondents reported that the total value of their household's savings and investments, excluding the value of their primary home and any defined benefit plans, is less than \$25,000. The Insured Retirement Institute reported in April 2016 that only 55% of Baby Boomers have money saved for retirement and 44% have sizable levels of debt. When planning for retirement it is important to have a clear idea of what your finances will look like.

- Where will you draw income from? Will you continue to work, will you get social security and/or do you have a pension plan that will pay you?
- Assets; have you made a list of all of them?
- Are you taking steps to minimize the level of taxes you pay?
- Are you currently contributing to a life insurance plan and have you looked in to how to protect the beneficiaries?

LEGAL

A 2015 RocketLawyer.com estate planning survey found that 64% of Americans do not have a will. The top three reasons cited: procrastination, a belief that they don't need one and cost. Too many times people find themselves unprepared when a situation arises. Proper planning can ensure that the family and assets have been protected.

- Do you have a living will? Have you thought about your family and if something were to happen unexpectedly?
- Have you named a Power of Attorney (POA) or have you decided who will handle your will or living will?
- In terms of estate planning, have you taken steps to plan how to pass on assets to your family?

EDUCATION

The Centers for Disease Control says one in five women now wait until they are 35 or older to have their first child.¹ As people begin to settle down and have children later in life, the cost of education should be taken into consideration when planning for retirement. The cost of education continues to grow substantially and, if not properly planned for, can become a lifetime debt.

- Have you started a 529 college savings plan?
- Who will be responsible for remaining tuition costs if the 529 fund has been exhausted?

PERSONAL DEBT

According to the Employee Benefit Research Institute, 58 percent of workers and 44 percent of retirees report having a problem with their level of debt. Furthermore, 24 percent of workers and 17 percent of retirees indicate that their current level of debt is higher than it was five years ago.²

- Do you have a mortgage you are paying off?
- Do you have non-mortgage debt you are paying off?
- Do you have education expenses (student loans)?