

RETIREMENT CHECKLIST | Important retirement considerations



Only 36% of non-retired adults think their retirement saving is on track. – U.S. Federal Reserve (2021)

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

Just 50% of workers say they have calculated how much they need for retirement.

– Employee Benefit Research Institute (2021)

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

Talk to your financial professional 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 (2016)

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Important Considerations

LIFESTYLE

If adequately planned for, new experiences can be an exciting part of retirement. If retirees haven't planned accordingly, however, these things may just remain dreams.

- What is your preferred style of living? Will you continue to dine out, shop in the same manner, etc.?
- Where will you live? Will you rent, buy a new house or condo, 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

Health care can be one of the most important expenses to consider when planning for retirement. Someone turning 65 today has an almost 70 percent chance of needing some type of long-term care services, according to the U.S. Department of Health and Human Services.

- 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 2021 survey by the Employee Benefit Research Institute, 33% 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. 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?
- Have you made a list of all assets?
- 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 into how to protect the beneficiaries?

LEGAL

A 2021 Caring.com survey found 34% of Americans don't have a will or living trust, and the most common reason was simply procrastination. Too many times people find themselves unprepared when a situation arises. Proper planning can ensure that your 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, or have you decided who will handle your will or living will?
- In terms of estate planning, have you taken steps to make a plan for passing on assets to your family?

EDUCATION

Decades of Centers for Disease Control data indicates women on average have been waiting longer and longer to have their first children. 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. Education costs continue to rise, and they can lead to lifelong debt if not properly addressed.

- 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 a 2021 Employee Benefits Research Institute survey, roughly half of all workers say debt has negatively affected their ability to save for retirement. Paying off debt is a commonly recommended step in preparing for retirement.

- Do you have a mortgage you are paying off?
- Do you have non-mortgage debt you are paying off?
- Are you still paying off student loans?

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