

Financial Planning Checklist for Retirement

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Everyone hopes for a comfortable retirement, but what does that mean for you? At whatever age you plan to retire, this lifestyle transition needs careful strategizing. Planning ahead will help you focus on preparing your finances, but it's equally important to think about your retirement lifestyle, too. Follow these steps to help you set and achieve your retirement goals.

Pre-retirement

- ❑ **401(k) and IRA Retirement Plans** – Ensure you are saving up to your maximum allowance. The IRS defines the maximum you can contribute each tax year, and if you're aged 50 or over this is often a higher amount. Consider the best long-term options for your money. Do you know if you will leave it in your 401(k) plan or rollover into an IRA account? Important options go with either choice, so make sure your decision is the best one for you.
- ❑ **Reassess your debt** – Think about your car loans, mortgage payments, and credit card debt. Can you reduce these monthly payments before you retire? Reducing your recurring expenses now will help to lower your monthly budget during retirement. Make a list of all your debts and start building a plan to pay them off before you retire, if possible.
- ❑ **Re-evaluate your risk profile** – Around five years from retirement, you should reconsider your investment strategy to protect your money and reduce your risk. Talk to a financial advisor about rebalancing your portfolio every quarter and creating strategies to mitigate downside risk.
- ❑ **Create a retirement budget** – you will still need a budget for food, housing, health-care, insurance, subscriptions—and don't forget taxes and savings. If you plan to travel, add that into the budget. Think carefully about what costs you will still have post-retirement and what will be different about your daily and monthly routine. Will you go out to eat more, or less? Will a post-retirement hobby require monthly expenditures that you aren't making now? Underestimating monthly expenses can be a costly mistake. Try using an online retirement calculator to see if your money will last or if you need to adjust your plans.
- ❑ **Social Security** – if you have been paying Social Security taxes during your working years, then you may qualify for benefits when you retire. Learn how old you will need to be to qualify for full retirement age (FRA); this depends on the year you were born. Familiarize yourself with the **Windfall Elimination Provision** (WEP), as this could lower your benefits if you have a public sector pension such as teacher retirement. You can estimate your potential future benefits based on different retirement ages by using a variety of **online calculators** provided by the Social Security Administration. The longer you wait to claim your benefits, then the bigger the monthly payment.



Two Years Prior

- **Retirement lifestyle** - What do you want to do with your time, once you don't have to go to work every day? Planning your life outside of work will help you to transition more easily. Maybe you want to move to part-time work. Do you hope to start a new hobby, take a class, or volunteer? If you are planning to travel a lot, consider whether you have the budget or if you perhaps need to downsize to a smaller property in order to free up your travel fund. Talk to family and friends about your ideas and aspirations for retirement, and start to "practice" your new lifestyle now.
- **Healthcare** – As we get older, healthcare becomes more important, so make sure to evaluate your health insurance options carefully. Don't forget to include insurance premiums, copays, and deductibles in your post-retirement budget. It's important to note that when you become eligible for Medicare, you have a **7-month enrollment period** to sign up; the period starts 3 months before the month you turn 65. Late enrollment can result in penalties and a gap in coverage. You may also want to investigate "Medigap" insurance that can help with expenses like prescription drugs, co-pays, and deductibles.
- **Insurance** – As your lifestyle changes, so will your insurance needs. Review your insurance coverage including auto, homeowner's, or renter's, and make sure you're getting the best available deals. Check your life insurance policies to see if they still provide coverage that fits your circumstances. You may not need to replace lost income, but you may want to have coverage for long-term care costs, many of which are not covered by Medicare.
- **Savings** – A solid cash reserve is highly recommended to provide a fund for emergencies, as well as to cover any gaps as you transition into retirement.
- **Test-run your budget** – Review your retirement budget and try it out now, before you retire, to give yourself plenty of time to make adjustments or recalibrate your plans.

One Year Prior

- **Inform your employer** – talk to your employer about how to set a date for your retirement. Find out what paperwork is required to begin receiving your retirement benefits. If you plan on keeping work opportunities open, discuss the potential options.
- **Remember Social Security** – Apply for Social Security benefits at least 3 months before your retirement date and check on the documentation you will need. If you are considering working during retirement, this can affect your benefits.
- **Revisit your Health Insurance Plan** – finalize your plans and educate yourself on the options available including Medicare, supplemental plans, and any insurance your employer may provide. Don't forget vision and dental coverage, too. Aim to avoid gaps in coverage and to keep premiums cost-effective.



- **Book medical check-ups** – if you have coverage as part of your employer’s health insurance plan, this is a good time to take care of any medical issues.
- **Make a retirement income timeline** – If you qualify for a pension, do you understand how it works? Making a timeline of your income sources will help give a more detailed overview of how your budget will work. Get guidance from a professional financial advisor to draw up a strategy for withdrawing funds from your various sources that will maximize your income while minimizing your taxes.
- **Review your investment strategy** – As you get closer to retirement it is important to rebalance your investment portfolio in preparation for your upcoming retirement.
- **Estate plan** – Have an up-to-date will in place and include a living will and power of attorney. Make sure that all your named beneficiaries are in place and create a document that provides the location and source of important financial, healthcare, and other information. Planning ahead will help to protect you, your family, and your assets in future.

Post-Retirement

- **Budget** – Follow your budget carefully. It’s important to make your funds last through your retirement and to keep saving, even during retirement.
- **Check Retirement Accounts** – Make sure you receive any lump sums owed on retirement and carefully consider your best options with those funds.
- **Tax** – Don’t forget to file your taxes, as your retirement income will still be taxed.
- **Review your investments** – Continue to review your portfolio with your financial advisor to make sure your investments are rebalanced and maximizing the best return.

Have fun! Enjoy your new retirement lifestyle.