

Retirement Planning Considerations and Checklist

Set a target date for vocational freedom! You don't have to retire on this date if you are enjoying your work or if you want to extend your earning years. But having a goal in mind is the first step toward building a plan and preparing for this transition.

Here is a checklist to help guide you in what you should consider as you get closer to retirement.

Getting Started

1

Visualize your retirement.

- ☐ What will your first day of retirement look like? The first month, the first year?
- ☐ Where will you live?
- ☐ How old will you be?
- ☐ Who will be there with you?
- ☐ Who is your support system?

2

Review your current spending and future spending goals.

- ☐ What are you currently spending each year?
- ☐ Add in non-recurring, variable expenses.
 - ☐ Home maintenance and repairs
 - ☐ New cars
 - ☐ Large trips
 - ☐ Boats, RVs, and other recreational vehicles
 - ☐ Weddings/celebrations
- ☐ What expenses might go away in the future?
 - ☐ Education costs
 - ☐ Childcare and other kid-related expenses
 - ☐ Mortgage and other debt
 - ☐ Commuting expenses
- ☐ What ongoing expenses might change or increase in the future?
 - ☐ Retirement healthcare
 - ☐ Retirement travel
- ☐ Factor in the cost of inflation on all your expenses.

3

Three years prior to retirement – start tracking expenses closely to make sure your spending assumptions are accurate.

4

Determine how you want to spend your time in retirement and develop a social network outside of work. What is your post-retirement purpose?

- ☐ Create and prioritize your bucket-list.
- ☐ Consider whether you want to pursue a bonus career.
- ☐ Consider any additional out-of-pocket costs associated with volunteering or continuing education goals.
- ☐ Do a practice run!

Living Arrangements and Lifestyle

- 5** Consider how any planned relocation might impact your costs and taxes in retirement.
 - ☐ Research state and local taxes and other cost-of-living differences in your desired location.
 - ☐ Visit your desired retirement location at different times of year.
- 6** Consider the costs of any adjustments to living arrangements in retirement.
 - ☐ Will your house need modifications to allow you to age in place?
 - ☐ If you expect to downsize to a smaller home, research the actual cost of homes that fit your planned retirement lifestyle.
 - ☐ Will you want to rent or own your home?
 - ☐ Will you have roommates or a tenant to help offset your costs?

Healthcare in Retirement

- 7** Plan for the potential cost of long-term care.
 - ☐ Research the cost of long-term care.
 - ☐ Consider whether your savings can fully cover these potential costs, or if long-term care insurance is affordable.
- 8** Consider whether a Health Savings Account is right for you (especially if you are planning to retire prior to age 65).
- 9** Age 64 – start researching which Medicare plan will be best for you.
 - ☐ Work with a health insurance broker to help make sense of all the choices.

Other Insurance Needs

- 10** Reconsider any life insurance coverage needs while in retirement.

Saving and Investing

- 11** Establish an emergency reserve to protect 3-6 months of cash needs.
- 12** Make a plan for any debt.
 - ☐ Decide if you will carry a mortgage in retirement or plan to pay off the balance.
 - ☐ Consider refinancing before you retire if rates have declined from your existing mortgage rate.
 - ☐ Consider opening a HELOC while you are still working.

Saving and Investing (continued)

- 13** Determine how much you need to save each year to support your desired spending levels in retirement.
 - ☐ Consider whether you should be saving in tax-free Roth or tax-deferred accounts.
 - ☐ Maximize any employer matching contributions.
 - ☐ Set up automatic savings to meet your goals.
- 14** Build a long-term strategy for your portfolio that aligns your risk tolerance, time horizon, and investment goals. Decide how often to rebalance to maintain your allocation targets.
 - ☐ Consider time horizon and risk level for each account individually, and your portfolio as a whole.
 - ☐ Review your portfolio periodically or if there are significant changes to your goals.
- 15** Use a Monte Carlo Simulation to test your plan's probability of success.
- 16** Consider setting up a charitable giving fund while you are still working to maximize tax deductions while in higher tax brackets.

Building a Retirement Income Strategy

- 17** Review income sources – pension, part-time or passive income, deferred compensation, expected SS income, etc.
 - ☐ Determine whether your income sources will have a cost-of-living adjustment each year.
 - ☐ Determine what happens with each income source upon your death or disability.
- 18** Do you have a pension from an employer (current or former)?
 - ☐ Explore the pros and cons of taking a lump sum versus an annuity.
 - ☐ If taking an annuity, carefully compare the options for survivor benefits.
- 19** Determine your retirement withdrawal strategy two to three years prior to retirement.
 - ☐ Fill tax brackets when you have low income to minimize lifetime taxes.
 - ☐ Protect the first three years of cash needs in safe investments (i.e., cash or short-term bonds).
- 20** Deferred Compensation – review any distribution elections for deferred compensation plans at least one year before retirement.
 - ☐ Determine whether you need to make any adjustments based on expected future tax brackets and cash needs.

Just Prior to Retirement

- 21** Take care of any health/dental needs before you retire if you have better insurance coverage while you are working.
- ☐ Spend any funds in your employer's flexible spending accounts.
- 22** Use up any accrued benefits at work that won't payout (i.e., PTO that would otherwise be forfeited upon retirement).
- 23** Consider how far in advance you will announce your retirement date to your employer.
- ☐ Update your LinkedIn profile or other professional sites.
 - ☐ Update your phone and email out-of-office messages at work to announce your departure.
- 24** Determine when you should apply for Social Security (SS).
- ☐ Review the earnings history on your SS account for accuracy.
 - ☐ Consider break-even age and benefit of delaying benefits up to age 70.
 - ☐ Consider how your decision may affect any future survivor's benefit.
 - ☐ Apply for benefits up to 4 months prior to target start date.
- 25** Three months before age 65 – sign up for Medicare (if you are still working, plan to sign up for part A at a minimum).
- 26** Update contact information with your employer plans before you retire (i.e., retirement/pension plans) and find out who to contact with future address or phone number changes.
- 27** Plan a retirement celebration and enjoy this new phase of your life!

Just After Retirement

- 28** After retirement – determine if you should roll over employer 401k or 403b plans to your IRA.
- ☐ Roll over any after-tax 401k dollars to a Roth (if the IRS still allows).
- 29** Update your estate plan if it hasn't been updated in recent years.
- ☐ Include a list of contact information for key contacts (CPA, Estate Planning attorney, Financial Advisor, Insurance Agents) and list of assets/liabilities/insurance policies.
 - ☐ Set-up a password keeper and be sure your personal representative has access.
 - ☐ Review any social media account settings for successor designations.
 - ☐ Periodically review your beneficiary elections on any retirement plans or life insurance policies.