



FIVE RETIREMENT RESOLUTIONS TO SET IN 2018

One of the top concerns for Americans in their 60s is how to pay for retirement. To enter retirement with confidence, consider a plan that addresses these five key areas.

1

FORECAST YOUR COST OF LIVING



If you're approaching retirement, your first focus should be gaining a clear understanding of your current expenses and how those expenses may change in retirement. The most significant factor in determining whether retirement savings are sufficient is to forecast the spending that will take place in retirement.

4

RESEARCH EMPLOYER BENEFITS



Learn about other employer benefits that may apply in retirement. Understanding deferred compensation, stock options, and restricted stock plans can be critical to navigating retirement successfully. If you hold a substantial amount of company stock in your retirement plan, it's important to understand the concept of Net Unrealized Appreciation before taking a distribution from the 401(k) plan. If you're a small business owner, the potential value of the business and the possible options for selling it in a tax-efficient manner are critical issues.



5

REVISIT YOUR ESTATE PLAN

Lastly, decide where you anticipate living during retirement and make sure your estate documents (wills, trusts, powers of attorney, and medical directives) are drafted properly for that state's laws. This is a good time to also review the provisions of those documents and make certain they are still appropriate and relevant. If estate taxes are a concern, steps can be taken at this stage to design a wealth transfer plan to minimize or eliminate that concern.



With sufficient time and research, you may be able to handle all of these important steps on your own. However, working with an experienced and objective financial planner – especially a fee-only advisor who will not benefit financially from the vehicles recommended – can reduce the amount of time needed and help improve the quality of the planning work.

2

DEVELOP YOUR PLAN FOR COST OF LIVING EXPENSES



Use those expense forecasts to develop a plan for paying for the costs of living. Done properly, that plan will include Social Security income, retirement plans, pensions, and other savings vehicles. The plan will also quantify what other goals may be within reach, including travel, college for grandchildren, charitable giving, a vacation home, etc. The plan will contemplate the effects of inflation and balance that risk against conservative long-term investment return assumptions. Ultimately, the plan will assist in determining how assets should be invested for retirement, which is an outcome of the spending goals the plan contains.

3

DEVELOP YOUR PLAN FOR HEALTH AND LONG-TERM CARE EXPENSES



How are you covering health care and long-term care expenses in retirement? If retiring before 65, ask your employer about the health benefits available to you and weigh those against other health insurance options available in the public marketplace. All retirees should understand Medicare and Medicare Supplemental plans, what they cover and what they do not. Research the potential costs of a long-term care stay and have an idea of choices available to pay for that risk.