

OUR SERVICES

We SIMPLYFY Your Life



The Pre-Retirement Preparedness Checklist

For many successful individuals, approaching retirement represents a significant milestone in life's journey.

Many other major decisions in life are determined by forces outside an individual's control, such as where to buy a house after a job change or what choices to make in mid-career. When to retire from full-time work and start receiving income from self-generated sources is usually self-determined. Uniquely successful individuals become aware that a host of questions require answers, including: when to take Social Security, how much income to take from their portfolio, what kind of budget should be followed and other issues related to managing the later stages of life.

At the same time, people discover that retirement creates opportunity for personal growth, to pursue the experiences that were postponed for years by career and family responsibilities, "reirement" instead of retirement.

Here is a checklist of the issues and concerns you should be thinking about:

FINANCIAL PLANNING

- Define your long-term financial goals
- Perform assessment of whether your family is on track to meet these goals
- Do you plan to help adult children financially? If so, when and how much?

PORTFOLIO REVIEW—

work with your advisor to:

- Understand your risk profile
- Ensure that your portfolio is optimized to avoid underperformance over time
- Take steps to minimize taxes
- Ensure that your portfolio is diversified across asset classes? Make sure you have the right mix of stocks, bonds and cash
- Transition 401(k) assets to an IRA to support the spending plan

- Education goals: establish 529 for grandchildren /others

LEGACY GOALS

- Define family gifting goals and philanthropic gifting goals
- Spending and legacy gap analysis: define current and needed resources for spending and legacy; what gaps remain, and how will they be addressed?

RETIREMENT SPENDING PLAN

- Set core spending needs ("must haves")
- Set surplus spending needs ("nice to haves")
- Set project spending needs (e.g. buy a vacation home)
- Set contingency fund
- Determine Social Security strategy
- Determine the vision of retirement
- Employer-sponsored pension plans: refine strategy

- Balance-sheet management: review loans and mortgages with consideration of long-term spending plan

LONG-TERM CARE (LTC) PROTECTION

- Define the desired amount of LTC insurance
- Consider LTC a dimension of asset protection (Note: preretirement may be later than ideal to acquire this protection)
- Insurance: Self-insured, LTC insurance or Medicaid?

INSURANCE REVIEW

- Set or review life insurance strategy
- Set or review Medicare strategy
- Review home insurance for replacement cost coverage, especially in areas with rapidly escalating replacement costs
- Review health, disability and umbrella insurance policies for coverage amounts and beneficiaries
- Transition income-replacement insurance to estate-planning strategy
- Review/update all beneficiaries

ESTATE PLANNING

- Discuss advance medical directives and durable power of attorney for medical and financial decisions for adults and children; consider sharing with godparents and other adults of influence
- Update all wills, executors and durable powers of attorney
- Consider adding an ethical will to enrich the understanding of what this money means to the extended family
- Set family meeting and strategy for determining transition to continuing-care facility (early-stage eldercare strategy)

- Revocable and irrevocable living trusts: protect assets from the impact of taxes

HEALTH SAVINGS ACCOUNT (HSA) (where applicable)

- Set strategy for accumulating assets in HSA for use later in retirement
- Establish policy of saving all health-related expenses for later reimbursement

REAL ESTATE REVIEW

- What is your strategy for the sale of the primary residence?
- What is your retirement residence strategy?

SAFETY AND DOCUMENTATION

- Set strategy for identity theft protection
- Collect next of kin/family contact permissions
- Collect a record of safes, storage units and safe deposit boxes as well as accessibility for each
- Collect records of computer files and passwords, photos of personal property, inventory of vehicles, and confirmation of financing and ownership
- Medical screening and preventative healthcare plan: consider a comprehensive diagnostic service, such as an Executive Health Assessment; recent research shows there are simple lifestyle changes that people can make to significantly improve their quality of life and reduce their risk of early mortality

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