



10 THINGS TO CONSIDER IN RETIREMENT

INCOME PLANNING FOR AGES 50 TO 65



THE RETIREMENT GROUP^{LLC}
PARTNERS IN RETIREMENT

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Here's What We Do

No need to worry. We'll help you plan for your retirement with our three-part philosophy.

We've been working with Corporate retirees and pre-retirees for the last 20 years. We know the process and we can help you weigh your options for retirement. We know what to expect and will help personalize a plan for you. Now, here are some things you should expect when working with us. These are the cornerstones of our identity as a firm.

We offer our clients our



Best Advice | Excellent Services | Dedication

Our three-part retirement-planning philosophy



Income | Liquidity | Growth



Congratulations!

Turning 50 is a major milestone. You're halfway to the century mark, and more than halfway to retirement. It's time to take stock of where you are in relation to your retirement goals. If you haven't been serious about planning for retirement income up until now, that needs to change.

You should review your current retirement savings and determine whether you are saving enough. If not, you still have time to save.

This is also the time to think about the issues you'll face once you're no longer working. There's a big difference between saving and spending. It's much more difficult to recover from financial mistakes as you get older, so do your homework to minimize your risks now.

Meet with a Benefits Specialist

If you are enrolled in an employer-sponsored retirement plan, you should meet with a benefits specialist to make sure you know what options are available.

Explanation: Do you understand the provisions of your 401(k)? How much can you save? How much does your company match and when do they contribute the matching funds? What are the investment options? What are the rules for taking out loans? Must contributions be pre-tax, or is there a Roth 401(k) option? Are in-service withdrawals available? Once you retire, what are your options for leaving the funds in the 401(k), rolling them over or making withdrawals?

What about a defined benefit pension plan? While less common these days, you may have an income benefit pension from earlier in your career. Even if it's frozen and based on only a few years of salary, that money can be a steady income source after you retire. Is it available to you as a lump sum or as an annuity? What are your choices regarding distribution?

Recommendation: Call your employer's human resources department and schedule a meeting with your representative. Don't forget to ask about any retiree health benefits, in addition to financial concerns. Ask if there are other retiree benefits as well. You might be entitled to continue employee discounts. Some companies have alumni organizations for former employees so you can stay connected after your employment stops.

Run the Numbers

Estimate how much money you'll need to spend in retirement and how much money you'll need to save to supplement your pension and Social Security benefits.

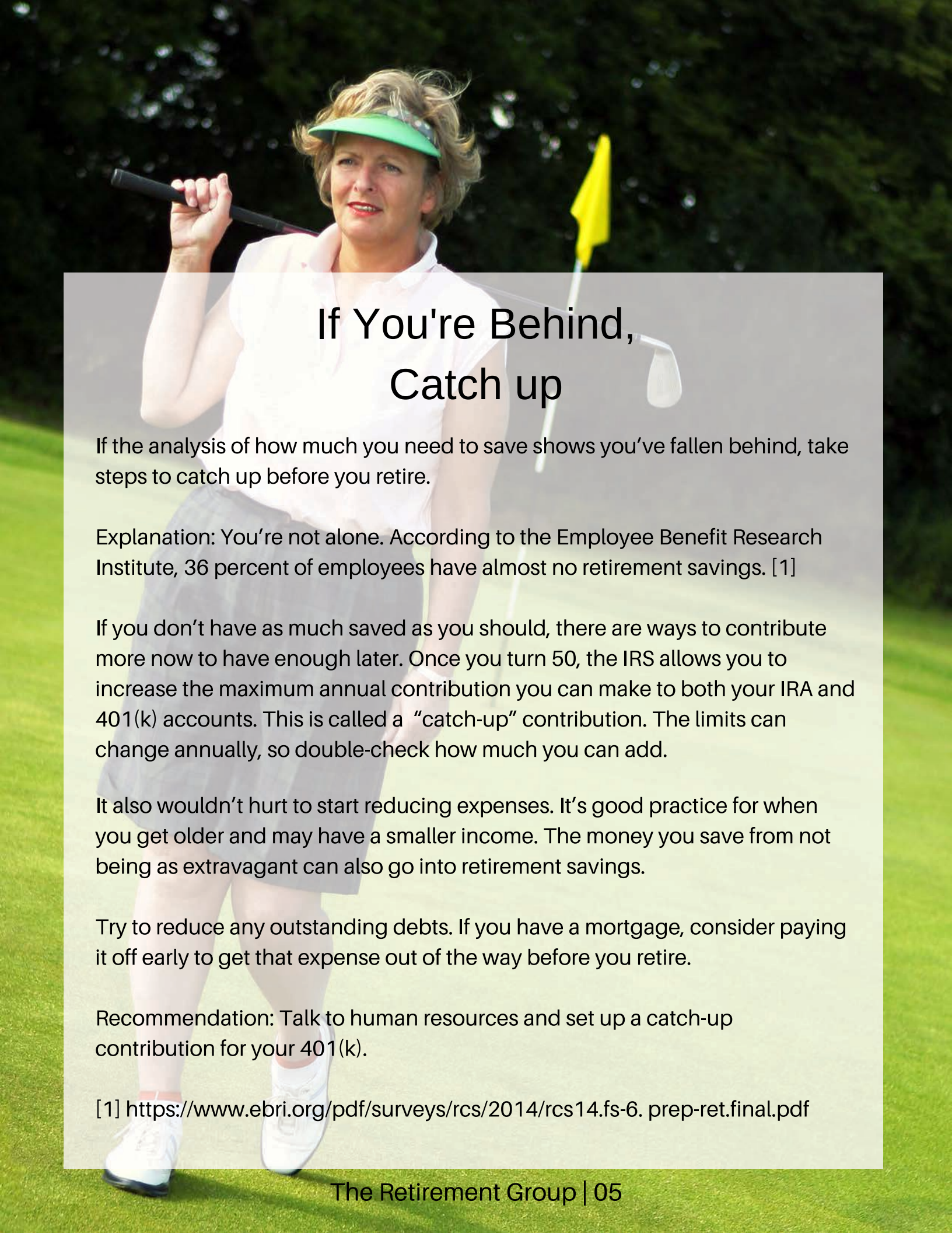
Explanation: You'll never know you're ready to retire if you don't know how much savings you'll need to retire.

The first step in figuring out how much income you will need is to estimate how much you'll spend once you retire. One rule of thumb indicates retirees need about 80 percent of their final working salary. This is a rough estimate. If you've been living below your means, you may need a lower percentage; if you've been spending every penny, you may need more. You can do a more detailed analysis by categorizing and adding up your expenses. Be sure to note how expenses could change after retirement. Your mortgage expense may be gone, but health care expenses may increase.

Once you know approximately how much you'll spend each year, you need to determine how much to save. Rules of thumb help here, too. One rule says you need to save about 25 times your expected annual spending. This doesn't take into account any pension or Social Security income, however.

Other rules of thumb tell you how much you should have saved by now, based on your current income and age. There are retirement savings tools and calculators available online to help determine what those savings numbers are.

Recommendation: Rules of thumb are guidelines that don't take your personal circumstances into consideration. Use them to get a basic idea of what you need, but meet with your insurance or financial professional for a review of your situation.



If You're Behind, Catch up

If the analysis of how much you need to save shows you've fallen behind, take steps to catch up before you retire.

Explanation: You're not alone. According to the Employee Benefit Research Institute, 36 percent of employees have almost no retirement savings. [1]

If you don't have as much saved as you should, there are ways to contribute more now to have enough later. Once you turn 50, the IRS allows you to increase the maximum annual contribution you can make to both your IRA and 401(k) accounts. This is called a "catch-up" contribution. The limits can change annually, so double-check how much you can add.

It also wouldn't hurt to start reducing expenses. It's good practice for when you get older and may have a smaller income. The money you save from not being as extravagant can also go into retirement savings.

Try to reduce any outstanding debts. If you have a mortgage, consider paying it off early to get that expense out of the way before you retire.

Recommendation: Talk to human resources and set up a catch-up contribution for your 401(k).

[1] <https://www.ebri.org/pdf/surveys/rcs/2014/rcs14.fs-6.prep-ret.final.pdf>

Revisit Asset Allocation

Asset allocation is how one divides their investments between different asset classes. People who are retired or nearing retirement may adjust their asset allocation to minimize investment risk.

Explanation: Every asset allocation has a certain amount of risk. Generally, when people are younger, they may be able to tolerate more risk because they have more time to recover from downturns. It's recommended financial products be reviewed at least once a year to make any necessary adjustments to asset allocations.

Recommendation: Some 401(k)s provide analysis tools like Financial Engines to help you decide on your allocation. You can use tools like Morningstar's Instant X-Ray to help you understand your current portfolio's risk level and asset allocation. Your financial professional can also help you decide what changes you need to make now to prepare for any upcoming life changes.

Consolidate and Simplify Holdings

Your retirement vision probably doesn't include spending hours poring over statements from dozens of accounts. Consolidate your accounts to simplify the paperwork.

Explanation: Every account you have will most likely generate statements at least once a year, if not quarterly or monthly. That's a lot of paperwork, which increases the chance you'll miss something important.

Consider consolidating to a handful of accounts: a single 401(k), a single IRA and a single mutual fund company. By doing this, it should reduce the paperwork you need to handle every month. If you want to simplify even further, see if your 401(k) offers a target-date fund. These funds are usually named with a year in the date, like "Target Retirement 2020." They are intended as all-in-one funds for people retiring that year and automatically adjust their investments to be appropriate for people in that age group.

If you've left your employer, consider rolling your 401(k) into an IRA. If you have a new employer, it might be possible to roll your previous 401(k) into your new employer's plan (not all plans accept rollover contributions).

Recommendation: Look at the options in your 401(k) to see if it has a target fund appropriate for you. If you have old 401(k)s, investigate rolling them into your IRA or the 401(k) at your new employer.



**Talk to a Financial Advisor
today!!!**

Start Learning about Social Security

Explanation: Social Security is an important component of almost everyone's retirement income. You've seen the deductions from your paycheck as long as you've been working. After you retire, you can begin receiving those earned benefits. You can claim your benefit as early as age 62, but you may receive a larger monthly amount if you wait. Your full benefit comes when you reach your full retirement age (FRA), which depends on the year you were born. You can delay benefits even later than FRA, which also increases benefits.

If you're married, you may be able to claim benefits on your spouse's working record and later switch to your own record. For married people, the decision of when to take Social Security benefits can impact the surviving spouse after the death of his or her spouse, and should be considered. Additionally, Social Security becomes taxable when you reach a certain income level. Investigate whether you can manage your income to unnecessary taxes.

Recommendation: Visit the Social Security Administration's website at www.ssa.gov to get an estimate of your benefit and the impact of taking Social Security earlier or later. Your financial professional can also help you understand how Social Security fits into your overall plan for retirement income.

This information has been provided by a Licensed Insurance Professional and is not sponsored or endorsed by the Social Security Administration or any government agency.

Begin Thinking about a Post-Retirement Withdrawl Strategy

Paychecks don't come regularly once you retire. You need to determine where your income will come from, and how to convert your retirement accounts into cash flow.

Explanation: You could probably generate retirement income from a number of sources: traditional IRAs, Roth IRAs, 401(k)s (possibly with more than one employer), defined benefit pensions (possibly from more than one employer), Social Security or other non-qualified accounts.

It's often recommended to make withdrawals from your taxable accounts first, as this lets your tax-advantaged accounts grow more. But this may not be appropriate for everybody. In some cases, withdrawing first from a tax-advantaged account may be more beneficial from a tax perspective.

Your employer's defined benefit pension plan may give you the choice of a lump-sum payment or monthly payments for the rest of your (or you and your spouse's) life. You need to determine which method works best for you.

Recommendation: Speak with your insurance, financial and tax professionals about your withdrawal strategy. The calculations and tax considerations can be complicated, so professional guidance is recommended. Your insurance provider can help you decide if a fixed indexed annuity should be part of your income-generating strategy.

Annuities are long-term, tax-deferred vehicles designed for retirement and contain some limitations. Annuities are products of the insurance industry; guarantees are backed by the claims-paying ability of the issuing company.

Familiarize Yourself with the Basics of Medicare

Find out whether your employer offers any retiree health benefits and how they might interact with Medicare.

Explanation: There have been many changes in health insurance during the past few years. The passage of the Affordable Care Act (Obamacare) provided a new way for people to get health insurance if their employer did not offer it. Wherever you are currently getting health insurance from, things change once you reach age 65.

Many Americans age 65+ get their health insurance through Medicare (another automatic deduction from your paycheck). Medicare doesn't cover everything, though, and can be complicated to understand, with different "parts" covering hospital visits, physician visits and drugs. There are other options, including Medicare Advantage and Medicare supplement plans ("Medigap").

If you leave your employer before age 65, you may be able to get retiree health insurance. Some employers share the cost with their retirees as they do with their employees; others require the retiree to pay the full amount. Some employers allow you to keep the retiree insurance as secondary coverage once you turn 65 and go on Medicare.

Recommendation: Visit the Medicare website at www.medicare.gov to learn about the program and how to sign up. Speak with your human resources department to see if retiree health insurance coverage is available.



See Your Doctor

If you've been putting it off, see your primary care doctor and any necessary specialists for your checkups. [2]

Explanation: You're getting older! You need to be healthy to enjoy your retirement years to the fullest, so get the necessary tests done and handle any issues they may find. You can find out what tests the government recommends for every age group online. [2]

Besides the benefits of addressing any health concerns now, an exam can help identify potential future issues. Because health care can be expensive (Fidelity estimates a couple could need \$220,000 to pay for medical expenses [3], it's favorable to know and prepare for potential treatment costs. This may increase the amount you want to save before retiring

Recommendation: Make an appointment with your doctor. If you don't have a regular doctor, your insurance company can help you choose one from their list of approved providers.

[2] <http://www.nlm.nih.gov/medlineplus/ency/article/002125.htm>

[3] <https://www.fidelity.com/viewpoints/retirement/retirees-medical-expenses>

Think about How You'll Spend Your Time

Work likely takes at least 40 hours a week, if not more, and that's before considering the time you spend commuting. Do you know how you'll spend those hours once you retire?

Explanation: Think about how you will spend your retirement days. You can spend time with family, travel, volunteer, pursue hobbies or choose an entirely new career. Ernie Zelinski's book "How to Retire Happy, Wild, and Free" focuses on the non-financial aspects of retirement and can help you generate a list of hundreds of things to accomplish.[4] The classic job hunter's guide "What Color is Your Parachute?" also has an edition titled "What Color is Your Parachute? for Retirement." [5] Additionally, visit a website called Encore.org that focuses on helping retirees find a post-retirement purpose, including developing a second career.

Recommendation: Read one of the books mentioned above and spend some serious time exploring this issue. If you're married, make sure you and your spouse have a common vision for how retirement looks. If you envision spending a lot more time with your grandkids, make sure your children are on board with that plan. If you anticipate a new hobby or new career, start making plans for that now, so you're not at a loss on day one of retirement.

[4] Zelinski, Ernie. "How to Retire Happy, Wild, and Free," Visions International Publishing, 2009.

[5] Nelson, John E. "What Color is Your Parachute? for Retirement," Ten Speed Press, 2010.



Topics in this ebook include:

- Collect Social Security Benefits
- Set up a Withdrawal Strategy
- Update Estate Planning
- Plan for Long-Term Care

To learn more about this ebook,
[click here](#)

Relevant Resource:

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