

# COUNTDOWN TO RETIREMENT — 4 TIPS TO GET YOU READY



Getting ready for retirement can be pretty exciting. With such a huge lifestyle change, you should consider to start laying the groundwork now. Here are some tips to help you through that transition.

## **Create a realistic budget**

Your early 60s is a great time to start crunching some hard numbers on your retirement budget. You're probably just a few years from your actual retirement date at this age, which means you're close enough to be able to accurately estimate your income and expenses, but far enough away to manage any corrections. When planning your retirement budget, remember that some expenses may decline in retirement, but your medical expenses will most likely go up as you age. Plus, be sure to include any long-term care expenses.

## **Set a firm retirement date**

As you approach 60, you probably have an idea of when you'd like to retire, but now could be a good time to set that date in stone. One option to ease into retirement is to switch from a full-time to a part-time work schedule rather than quitting your job entirely. If your employer is open to this idea, it can give you a chance to test drive retired life instead of fully committing to retirement. Plus, having a little extra income during your first few years of retirement can be a big help. This is also a good time to determine when you should claim Social Security to maximize your benefits and factor that into your planned retirement date.

## **Determine your retirement lifestyle**

Let's say that your dream retirement has always been to move to Florida and live out your days on the golf course. You've probably done a fair amount of research online at this point and maybe have spoken with friends or family who are now living in the Sunshine State. But as the big day is fast approaching, it's probably a good idea to confirm that this is still what you want your retirement to look like and to make some concrete plans to make them a reality.

In-depth research is a must no matter where you plan to live in retirement — whether it's in another country or a nearby assisted-living community. Aside from obvious factors like the weather, you should also consider factors like state and local taxes, the local real estate market, proximity to friends and family, access to the kinds of activities you enjoy, and access to high-quality healthcare. Of course, the best way to determine whether a living situation is right for you is to try it out beforehand. If possible, take some of your saved vacation time and spend a couple of weeks living as you plan to in retirement. Remember, you'll likely be spending the rest of your days in this place, so due diligence ahead of time is vital to your future happiness.

## **Review your portfolio**

Soon you'll be switching over from putting money into your retirement accounts to taking money out. If you haven't already done so, you should rebalance your investments in preparation for retirement. For example, you may want to change the types of stocks you've selected. High-dividend stocks can be useful during retirement because of the regular income they generate. This is also a good time to take your account statements to a financial professional who has experience in retirement planning and ask for guidance.

Most pensions offer you the option of receiving your money either in a lump sum (meaning you get it all at once) or as an annuity (meaning you get a check every month as long as you live). There are pros and cons for both options, so your own personal circumstances will determine which one is the best for you—although

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for many retirees the guaranteed income of an annuity may be the better choice. Lump-sum payouts can be riskier because it's up to you to use the money wisely. There's the possibility that retirees can make poor investment decisions or spend the lump sum too quickly and run out of money too soon. On the other hand, if you're an experienced and disciplined investor, you may be able to put that lump sum to work and end up with more income than you would get from an annuity. Be sure to consult with both your Human Resources contact and your financial professional at length before deciding which option to take.

No matter what your vision of retirement is, working with the right financial professional can help immensely. Be sure to contact your financial professional today to help you plan and take the necessary steps toward a stress-free retirement.

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