

# 6 KEY THINGS TO REVIEW BEFORE YOU RETIRE

Is your retirement just around the corner? Even if you've been saving for years, there are still things you need to consider leading up to your official retirement date. Below are key areas to consider as you prepare for a lifetime of leisure!

## 1. GET REAL ABOUT RETIREMENT

We spend our working years dreaming of the day we will retire. However, actually obtaining this goal can be unsettling if you're not prepared both emotionally and financially. Start by envisioning your lifestyle – what will you do every day? Who will you spend your time with? What are you passionate about? Many people need time to adjust to feeling good about themselves as a person, and not just the job they held. This is one reason some people continue to work in retirement.

Others delay retirement, often transitioning to retirement gradually by working part-time until they are prepared to finally “cut the cord.” Of course, some have no problems leaving the work force behind and jump at the chance to pursue the next chapter of their lives to spend time with family, travel, and more. Only you can decide what your ideal retirement will look like and when it starts, so make sure you and your spouse have thought this through and are on the same page.

## 2. CRUNCH THE NUMBERS

Do you know your personal net worth? As you prepare for retirement, you need to know what you have and what you need to make your savings last for your lifetime.

Start with making a list of all assets, including cash, real estate, vehicles, personal property, bonds, stocks, and investments. Then create another list with all liabilities, such as mortgages, auto loans, student loans, personal loans, and credit card debt. Once you know what you have, you can figure out how to turn your assets into income.

Determining a retirement budget before you retire is crucial to ensuring you don't overspend your limited income. Work with your financial professional to help ensure you have an income strategy that ensures you're receiving enough money each month to cover your expenses but not taking more income than you need. Be sure to also have an emergency fund set up for unexpected expenses, such as major home repairs, or to take income when the markets are down.

REASONS FOR RETIRING (Retirees could choose more than one)	RETIRED AT AGE 61 OR EARLIER	RETIRED AT AGE 62-65	RETIRED AT AGE 65 OR OLDER
Wanted to do other things	56%	62%	61%
Wanted to spend more time with family	52%	57%	57%
Poor health	39%	31%	27%
Family responsibilities	33%	33%	30%
Didn't like the work	30%	28%	26%
Forced to retire or lack of available work	23%	26%	25%

\*Survey from Federal Reserve report



### 3. CREATE YOUR ESTATE PLAN

Along with ensuring your finances are in order before retirement, you should also look over your estate plan, which details how your assets will be distributed at your death.

In most cases, a complete estate plan will include three documents: a will, a trust, and a living will.

A will details your wishes for how you want your personal assets divided, which goes into effect after your death.

A living will (also known as an advanced healthcare directive) details your medical preferences and your chosen power of attorney should you become incapacitated and not able to make decisions for yourself.

A trust utilizes a third party to hold assets or benefits for beneficiaries, allowing the distribution of your estate to move more quickly than a traditional will.

You can make changes to your estate plan as often as you like, provided you're of sound mind. If you haven't put together an estate plan yet, this is a crucial step to complete promptly. Having these documents in place helps your loved ones deal by ensuring your wishes have been clearly communicated and your estate can be distributed quickly and in private. Unlike the probate process, which makes your financial details open to the public, a solid estate plan can help you bypass probate and keep your business in the family.

### 4. INVEST FOR THE NEXT PHASE - Check the Risk in your Retirement Accounts

The same investment approach that got you this far will work just fine in retirement, right?

Maybe not. When you're young, you have more time to weather the ups and downs of the market.

You can take more investment risk in search of greater returns because you have the gift of time on your side. But as you get closer to retirement, your goal moves from growing assets to preserving them so that they can provide the income you need to live on in retirement. A major market downturn before retirement could deliver a hit that your portfolio can't afford to take and still retire with enough to last.

If you decide to take on investment risk it should be part of a well-diversified plan that insures you wouldn't need to liquidate any of your riskier holdings in the event of a market correction. If you're already running short of your goals, taking on more risk may help, but it's far from a sure thing. Before taking on additional investment risk, consider options that will deliver a more reliable outcome: like working longer, spending less, saving more, and considering other conservative financial vehicles that can offer



**“The intelligent investor shouldn't ignore Mr. Market entirely. Instead, you should do business with him- but only to the extent that it serves your interests.”**

*-The Intelligent Investor:  
The Definitive Book on Value Investing,  
Benjamin Graham*

you growth potential without significant market risk.

There are a variety of financial tools and strategies available today to help you create income without subjecting your entire portfolio to the market. Your financial professional can help you evaluate which options might make the most sense for you.

### 5. REVIEW YOUR SOCIAL SECURITY OPTIONS

Social Security is a program that we all have a vested interest in. After paying into it for years, it's time to collect your payback. But it isn't necessarily as simple as leaving your job and signing up for your first check. These days, it pays to understand how Social Security benefits work and what your options are. When you apply for benefits and how you elect to receive them can have a significant difference on the total benefits you receive over your lifetime.

Although you can start taking Social Security at age 62, your monthly checks will be larger the longer you can delay. In fact, your benefit will increase by 6 percent to 8 percent annually until you reach age 70, if you can hold off. However, most people don't wait that long. And with the growing number of 60-somethings still working either full- or part-time, it's important to know how wage income affects your Social Security benefits, as there's a limit to how much you can earn from working without your benefits being affected.

### 6. PROTECT WHAT'S IMPORTANT

You don't need to budget much for health care because once you reach 65 Medicare's got you covered, right?

Sorry, it doesn't work that way. Medicare will cover about 50% of your health care expenses in retirement. You'll still have expenses for Medicare Part B and D premiums, dental, eye care, hearing, co-pays, etc. How much will that add up to? Many experts suggest you'll pay a minimum cost of \$400 - \$800 per month in health care expenses.

In addition, health-care expenses typically rise as you age. In fact, the average 65-year-old couple will spend \$280,000 on health care over the remainder of their lives, research from Fidelity Investments shows. Even if you're in good health, thinking about long-term care—like nursing home services or a home health aide—is crucial in retirement planning. A long-term health plan should go beyond initial retirement plans, providing financial coverage in case of disability, special needs, or spousal death. Funding a long-term care strategy can be challenging, but there are options like long-term care insurance, health savings accounts (HSA), and annuities or life insurance products that offer long-term care riders.

Many employers offer life insurance as a part of their benefits package. However, once you retire, you may lose this coverage. Having life insurance in retirement is a good way for your beneficiaries to be able to pay major expenses like a mortgage or funeral costs after your death. Take time to review your life insurance policy to make sure any outstanding expenses will be covered should you unexpectedly pass away.

## A Checklist of key items to review with your financial professional

### GET REAL ABOUT RETIREMENT

- Define the retirement you envision
  - Consider when you will retire, where you will live, what hobbies you may take up, volunteer opportunities, travel plans, who will be your social network, and more. If married, discuss with your partner to ensure your retirement vision is shared.

### CRUNCH THE NUMBERS

- Tally up your assets (minus your liabilities, debts, etc.)
- Identify guaranteed income vs non-guaranteed income (Social Security is guaranteed, withdrawals from a stock portfolio are non-guaranteed)
- Create a budget of all expenses in retirement
  - Include basic, set expenses such as mortgage, rent, food, insurance and health care costs, etc.
  - Identify discretionary expenses, such as entertainment, travel, hobbies, dining out, and more.
- Identify any income gaps between assets and expenses
  - Ideally all basic expenses will be covered by a guaranteed source of income to ensure these needs are covered during your lifetime. Work with your financial professional to solve any income gaps through the use of asset re-allocation, tax efficiencies, Social Security maximization strategies and other financial products, such as guaranteed lifetime income annuities.

### CREATE YOUR ESTATE PLAN

- Do you have a will, living will and a trust? If not, consult with an estate planning attorney to discuss
- Ensure your beneficiary designations up-to-date on all accounts
- Be sure all of your financial information stored in a consolidated location for loved ones to access, if and when needed
- Hold discussions with your loved ones about your legacy plans to ensure they understand your wishes

### REVIEW YOUR SOCIAL SECURITY OPTIONS

- Review your Social Security benefits statement from the SSA to determine your promised benefits
- Review your options based on various filing ages and strategies including the various spousal options
- Discuss Social Security Maximization strategies with your financial professional to ensure your SS benefits are coordinated with your overall retirement income approach

### PROTECT WHAT'S IMPORTANT

- Review Medicare options, Med Supp policies and long-term care or nursing home options
- Evaluate your other insurance needs, including life insurance, homeowners, auto, and more



After going through these 6 key items,  
give us a call so we can help you build  
the right strategy before you retire.

**Contact us today.**  
(508) 842-0539 | [www.ProvoWealth.com](http://www.ProvoWealth.com)



385 South Street, Shrewsbury, MA 01545 | T: (508) 842-0539 | F: (508) 842-0571 | [www.ProvoWealth.com](http://www.ProvoWealth.com)

Securities offered through Cetera Financial Specialists LLC, member FINRA/SIPC. Advisory services offered through The Patriot Financial Group, LLC, a registered investment advisor DBA Provo Wealth Management Group. Cetera is under separate ownership from any other named entity.

Insurance and annuity products are guaranteed by the financial strength and claims-paying ability of the issuing company.

We are a financial services firm helping our clients prepare for retirement through the use of insurance and annuities. We do not offer tax, legal or investment advice.

©2023 DMI PROVO-6KEYRETRIE-SC1904-1657-072019