

Steps To A Comfortable Retirement

1: Pare Down Debt.

As you look forward to retirement, having no debt is the ideal situation. Financial Guru Dave Ramsey reiterates that before retiring, it's essential to eliminate debt. He adds that you gain more control over your most powerful wealth-building tool, your income, without the burden of debt.

2: See Where You Stand Financially. (What's Your "Balance Sheet.")

Just like running a successful business, compare your assets to liabilities and how your wealth measures up. To start, list your assets and belongings, such as cash, home and real estate, and investments. Next, review your liabilities. This includes all debt and other financial responsibilities. Calculate the difference. Are there areas you need to bolster before you retire? Once you see how your financial situation stands, craft a plan to get your balance sheet where you want it – before you retire.

3: Assess Insurance Needs.

During retirement, your insurance coverage should be relevant to your needs. When you're younger and raising a family, experts recommend having life insurance that equals seven to 10 times your annual income. The amount should ensure you have enough to pay off any debts, provide for your family, and maintain future living expenses. As you grow older, certain costs may potentially decrease, such as caring for children or your mortgage balance. Subsequently, the amount of life insurance you require may decline accordingly.

Note: some financial planners may use life insurance as an estate planning tool. The key is to have appropriate coverage based on your needs and financial strategies.

Source: <http://money.usnews.com/money/retirement/articles/2013/08/05/do-you-need-life-insurance-in-retirement>.

Also, understand the benefits of long-term care insurance. This protection pays for extended care at home or in an assisted living facility. Some coverages pay for home care from a non-skilled provider or relative. There are multiple choices to review; all offer varying benefits. Before you retire, research your options and decide if and what type of long-term coverage makes sense for you.

4: Ensure Your Will Is Current.

No matter your age, assets or level of wealth, everyone should have an up-to-date will and a reliable person selected as a power of attorney. You will also want to make sure

beneficiaries are current. Ask a qualified attorney to draft appropriate guidelines on how to handle your estate. Experts recommend that you define who, what and when someone receives your assets. While providing for your beneficiaries, you also want to have belongings assigned per your wishes without heirs having to pay unnecessary taxes or legal fees.

5: Save Early and Often.

A solid goal is to save at least 10% of your salary for retirement. This amount can include employer contributions to 401(k) accounts. The earlier you start, and the more you can save, the better. You also benefit from the compounding interest that accumulates over time. If you start saving later, perhaps in your 30's, or if you're conservative in your approach, try setting aside 15 percent.

6: Map Your Goals.

Meet with a financial advisor or one of our in-house professionals to create a personal financial plan. During a planning session, you will determine goals for retirement and separate the 'extras' from 'essentials.' You will also prioritize how you view life's extras, such as hobbies, travel, and meals out, and how they fit into your plans for retirement. Other essential issues can include deciding where you want to reside, whether it is in your current home or perhaps something smaller or even a new locale.

7: Think About Daily Needs and Dreams.

What you intend to do during retirement, or what you do the first year, could vary drastically from the rest of your retired life. It may be difficult to envision, but you may even miss your work. For some, it feels good to retire to "something new," maybe go back school or supplement your income by working part-time. If you plan on a new life venture, consider its costs and plan accordingly with your retirement budget. Also, think about hobbies and travel and include these costs in your retirement budget.

8: Have a Retirement Budget.

Reviewing expenses is ALWAYS a good idea, no matter what stage of life you're in. But the closer you get to retirement, it becomes even more important. Six months before retiring, review your current monthly living expenses. Then revise your budget as you head into retirement if needed.

After retiring, some expenses may decrease, such as fuel, lunches out and clothing, while other costs may increase, like medical expenses and travel. Be specific. Taking time to review your needs now, can help you to be better prepared for retirement, later.

9: Keep Cash and a Credit Line.

Fidelity.com recommends having enough liquid cash to cover up to 12 months of living expenses. This can also help you to avoid debt if unexpected costs arise. Also, consider opening a credit line before you retire, so you have access to additional cash if needed.

Source: www.fidelity.com/retirement-planning/organize-protect-your-wealth.

10: Continue To Revise Your Strategy.

It's important to keep your plan fluid – even after you retire. Continually review your financial status. Also, assess your risk tolerance and strategies to meet ongoing and changing retirement needs. For example, craft a plan on how you choose to access retirement funds and income. Experts suggest tapping into:

- Money market and savings account funds first;
- Tax-deferred funds, like IRAs and 401(k) accounts, second; and,
- Tax-free accounts, such as municipal bonds, last.

Questions?

Stop in and see us. We have many resources available to help you plan for a comfortable, worry-free retirement.

*This information is not intended to be tax advice. Please see your tax advisor for details.

Read more:

<http://money.usnews.com/money/blogs/On-Retirement/2012/01/26/increase-cash-reserves-in-retirement>

<http://www.bankrate.com/finance/financial-literacy/spotlight-dave-ramsey-on-debt-in-retirement-2.aspx>

<http://retireplan.about.com/od/howtobegin/a/topstep4.htm>

<http://www.govexec.com/pay-benefits/retirement-planning/2009/10/long-term-care-considerations/30102/>

<http://www.estateplanning.com/What-is-Estate-Planning/>