



5 Key Areas of Financial Planning

BETTER PLAN AND PREPARE FOR RETIREMENT AFTER ANSWERING THESE QUESTIONS

Congratulations on reaching a point in your career when you can start thinking about retirement and plan for this life-changing event! There are a number of issues to evaluate at this stage, ranging from your preferred lifestyle to what financial resources you and your family will have in retirement. This process is an extremely important one – after all, how many times have you retired? It is important to not make mistakes; for many, seeking professional advice from a financial advisor can be a real benefit.

First, you will need to gather and project all financial resources that will be available to you in retirement. These include items such as pensions, Social Security, IRAs, investment accounts like the 457 Deferred Compensation plan, and any other types of investments. If you are married, make sure to include the resources of your spouse as well and be sure to plan for both of your retirements.

Then, review the 5 Key Areas of Financial Planning. As you follow along, answer the questions in each section. Your answers can serve as a guide when you are making important and well-thought out decisions about the later stages of your career and retirement.

1

Investments

- Do you have an overall investment strategy?
- Are you comfortable with the risks and rewards of your portfolio?
- Considering an early retirement (by traditional standards), do you have a long-term investment approach?
- Are you familiar with the rules of your retirement accounts?

2

Tax Planning

- Are you aware of how taxes will impact your retirement income?
- Will you be living in a state that taxes your retirement income?
- Have you considered how different retirement income distribution strategies can have various tax implications?

3

Retirement Planning

- What type of lifestyle will you want to live in retirement?
- Where will you live when you retire?
- Have you done your best to maximize your retirement savings prior to retirement?
- Have you calculated how much monthly income you will need in retirement?
- Have you projected your income for every year in retirement, accounting for inflation and various scenarios that can impact your income?
- Will you continue to work - part-time or full-time - after you retire?
- **FOR COUNTY EMPLOYEES:** Have you carefully evaluated your DROP options (DROP annuity, DROP rollover, DROP cash-out) or a combination of these options?
- If married, what is the right amount of financial resources available to your spouse for their entire retirement should something happen to you?
- If married, have you thought about your pension survivorship options (e.g., 0%, 50%, 66.67%, or 100%)?

4

Cash Management & Protection

- Have you considered your budget and how it may change in retirement?
- Do you have a cash reserve of 3-6 months of savings set aside?
- Have you evaluated your health care insurance options in retirement?
- Have you weighed the need for life insurance coverage in retirement?
- Have you considered your plan for handling any long-term care needs for you and/or your spouse?
- If you are married and/or a parent with dependent children, have you thought about what financial resources your family would need if something unexpected happened to you?

5

Estate Planning

- Are all of the beneficiary designations on your life insurance, pension, IRA's and 457 Deferred Compensation Plan current and up-to-date?
- Have you prepared an updated Will and Advanced Directives such as a Durable Power of Attorney and Medical Power of Attorney?
- Have you considered the advantages and disadvantages of a Revocable Living Trust?

As you begin to make important decisions about the later stages of your career and retirement, it's important to make informed and well-thought out decisions. Answering the above questions can help you start planning for the next of life's milestones: a well-planned and fortuitous retirement! Congratulations!

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