



Sweet Financial

services

100 DAYS UNTIL RETIREMENT

A Checklist

Carefully Assess Your Whole Financial Picture

You'll need to know how much money you have and what is available for living expenses. This is the time to gather all the details—on your assets and your liabilities. Don't forget to count antiques, personal property, cars, etc.

Create a Retirement Budget

As soon as possible take a look at how your expenses will change. Don't be surprised if you discover that your cost of living won't drop overnight. You'll save on commuting and business lunches and perhaps on wardrobe. But you may face new expenses, too, such as private health insurance or big premiums on employer-sponsored retiree health plans.

Talk to Your Tax Preparer; Adjust Withholding to Front-load Estimated Taxes.

If you can prepay some of next year's federal taxes by increasing your withholding now, you can lessen the shock of paying all your taxes out of pocket. Ask your tax advisor what other moves you might make now to prepare for life as a quarterly filer.

Create a Specific, Month-by-Month Income Plan

After that last paycheck is spent, where is your next dollar coming from? Create a monthly calendar that shows when regular income from pensions, annuities and dividends will arrive. Calculate any shortfall.

Review Social Security Options

Now's the time to think about how to take your Social Security benefits. If you can afford to forego payments until you are 70, you can increase your monthly check significantly—by 7% for every year between “full retirement” age (it's now 66 for people born in 1940 and later) and age 70. Conversely, if you opt to get benefits early, there's a big penalty. You can request your latest Social Security statement, summarizing what you paid in and what you are scheduled to collect at what age at the following URL: <https://s044a90.ssa.gov/apps6z/iss/main.html>.

Estimate Withdrawal Needs from Retirement Accounts

Schedule a meeting with your financial advisor to determine how much income you will need to draw from your retirement accounts—and when. In general, the longer you can wait, the better. Remember, mandatory withdrawals begin at 70.

Adjust Investment Portfolio

If you have not already done so, now's the time to shift more assets to dividend-paying stocks and fixed income securities.

Check Retirement Plan Beneficiaries

It may be decades since you jotted down the beneficiaries for your IRAs and other retirement accounts. Make sure the choices are consistent with your current wishes. Do you really want that ex-spouse to get your IRA? Also, consult with your financial advisor about estate-planning strategies for these assets. Tax law changes have made bequests of retirement accounts more attractive.

Consider Long-Term Care Insurance

According to U.S. government statistics, an estimated 6 out of 10 Americans will need long term care sometime during their lifetime—ranging from a home health aide to a room in an acute-care facility. Some 9 million people over age 65 needed long-term care in 2006, and that will increase to about 12 million by 2020, according to AARP. The costs can be staggering. Rates for LTC coverage varies widely depending on your needs and rise quickly with age. Explore carefully what you're actually getting for your money.

Review Life Insurance

You may no longer need life insurance to cover your mortgage or provide for the support of minor children, but a life policy can be an important component in estate planning. Assess your current insurance holdings to see if what you now hold is still right for you. You might also consider setting up an irrevocable life insurance trust for estate tax purposes.

Adjust/Review Retirement Portfolio

When you set up your 401(k)s and other retirement-savings accounts, the goal was to accumulate money. Now's the time to protect that nest egg. Even if you can afford to delay withdrawals, you may no longer have time to rebound from a serious market correction. Ask a financial advisor for help in selecting a suitable mix of investments now. You may want to add annuities to the mix.

Assess Rollover Plans

It is almost a given that a new retiree will roll over a 401(k) or other company-sponsored retirement savings plan to an Individual Retirement Account. With an IRA, you're in charge. When you do a roll over, be very careful about how you do it—a direct transfer to a new account is the safest way to avoid any tax liability.

Schedule Doctor and Dentist Visits

It's always a good idea to make sure your physical health is in order. Now, it's critical. Private-sector employers are not required to continue your health benefits and even those that do could potentially drop or change your coverage. Taking care of your health needs now under your existing coverage can alleviate added costs and stress later on.

Determine Post-Retirement Health Benefits

Retiree health benefits have been disappearing from the roster of corporate benefits; even the biggest corporations have cut back on medical and prescription-drug benefits for retirees. Make sure you read the plan really carefully. If you are retiring before you are eligible for Medicare, you may need to find new coverage. If you're retiring at 65, you may need supplemental coverage.

Secure/Extend Health Benefits for Dependent Children

If you have dependent children, make sure that you'll still have health coverage for them after you retire. Remember, your company doesn't have to continue your health benefits, let alone continue to pay for your children's. Also, make sure that children with disabilities will be properly cared for.

Have Your Home Appraised

It's important to know the value of all your assets, including your home, which may well be the biggest. Knowing the value will give you some options, including perhaps a reverse mortgage.

Review/Revise Will

You may live another 30 years. But you could get hit by a bus tomorrow. So, make sure your will is up to date. This legally binding document needs to convey your wishes and reflect your current situation. Talk to a financial advisor about the pros and cons of specific bequests to children and grandchildren. Update your choice of executor.

Update Living Wills, Powers of Attorney, etc.

If you are suddenly incapacitated and unable to make your own medical and financial decisions, make clear who you want to make those decisions for you.

Think About Your Charities

This is a good time to plan to leave your legacy through charitable giving. Are you ready to make a major donation? Can you afford to fund charitable remainder trusts or other vehicles that can provide income in life and tax benefits--and help your favorite causes and institutions?

Become an Informed Consumer

One benefit of aging is getting some breaks and special discounts, as well as access to special services such as meals, home care, or transportation. Find out all of the benefits that the federal government, as well as your state and city provide. A good place to start is Eldercare Locator, a public service of the U.S. Administration on Aging. You can call the Eldercare Locator toll-free at: 1-800-677-1116 or check out the services online at www.eldercare.gov. Also consider joining AARP—if only for the discounts.

Write Down Your Retirement Plan and Share It

Let your family know about your post-retirement financial plans. Make sure your spouse and children understand what to expect—and what not to. Organize important papers (wills, deeds, insurance policies) and let family members know how to find them. Make sure your children know about any supplementary health care and long-term care insurance and your wishes regarding end-of-life care.