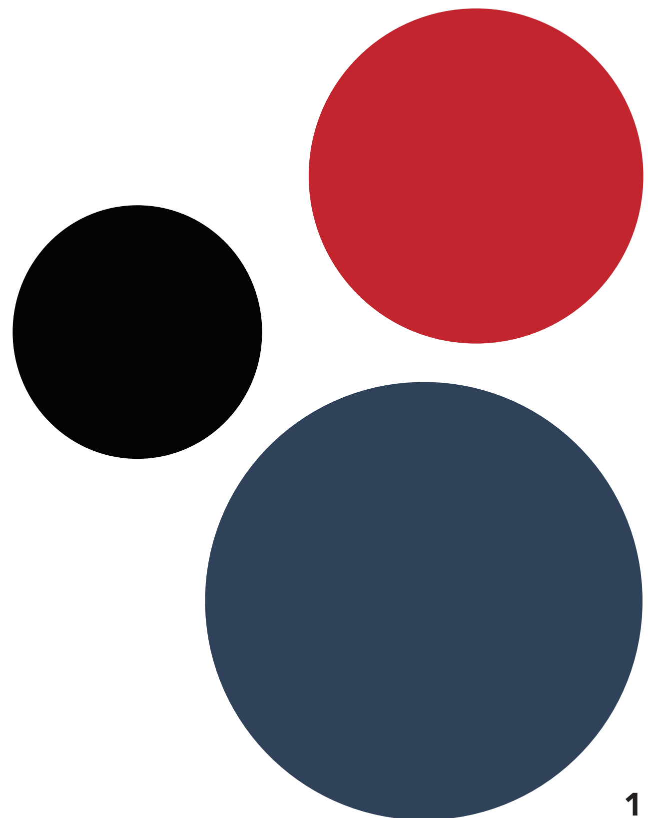
OFFICIAL RETIREMENT KIT



USA Retires © 2019
Published January 22, 2019

SECTION I

MAKING SENSE OF COMMON VEHICLES OF RETIREMENT

CONTEXT

The world of finance can seem far from intuitive. The need to take a smart approach to retirement savings is practically universal, but the ability to understand financial language certainly is not. Even with the help of a financial planning professional, it is important to understand the sort of investment vehicles available to you to be sure you are making informed decisions. You may not need to comprehend every detail, but a basic understanding can go a long way. That is why we have put together this beginner's guide to investment vehicles—we want you to feel confident that the choices you make to secure your financial future are the right solutions for you.

WHAT IS A 401(K) REALLY?

401(k)s are probably the mostly co monly cited type of investment vehicle in co versation, and if there is one type of retirement account you feel as though you comprehend, it is probably this one. Despite its cryptic-sounding name—"401(k)" is named after a line of a tough-to-decipher tax code—401(k)s are not too complicated, as investment vehicles go.

The first thing to know about 401(k)s is that they are "employer-spo sored" investment vehicles that allow employees to invest a piece of their pa check into retirement funds pre-tax (with taxation happening upon withdrawal). These plans have been around since the 1980s, when a shift away from traditional pension plans prompted the government to form a new way for people to still prepare for retirement. Today, pension plans (where employers invested in funds that paid out a steady income over the course of workers' retirements) are large ly gone, replaced with 401(k)s except in heavily unionized industries or government jobs.

HOW DO 401(K)S WORK?

With 401(k)s, you control (at least to an extent) how your money is invested, us ally by choosing where to allocate your assets from a list of mutual funds. There is generally a variety of options available, from relatively reliable, but slow-growth bond funds to high-risk, high-reward small-cap stock funds… and ever thing in between. The simplest route to choose is often to invest in a "target retirement" fund that may initially contain aggressive growth holdings, but will gradually adjust to be more conservative as the target retirement date grows nearer. There is value in diversification, so you may also want to talk to a financial planning professional about how to properly distribute your money across the funds available to you.

One of the benefits of 401(k)s is that your employer may match your contributions to the account up to a specific percen age of your income, essentially doubling the value you gain from some of the contributions you make. If you contribute beyond the employer-match cap, that is fine; you just will not gain additional co tributions from your company. How much the employer matches can vary signif cantly, so if you are not sure what the match percentage is, ask a benefits manager at work.

One thing to keep in mind, too, is that there may be a "vesting period" that governs how long you must work at the company before you can access any contributions your employer has made to your 401(k)—a caveat meant to prevent people from leaving the company.

WHAT ARE THE CONTRIBUTION LIMITS?

Yes, though they are higher than with some other retirement accounts (such as IRAs). For 2019, 401(k) contributions are limited to $19,000 per year, with an additional employee catch-up contribution limit of $6,000 for those aged 50 or older by the year's end. There is an annual defined contribution limit from all sources of $56,000 (plus the additional $6,000 catchup limit for those aged 50+) for those that may have numerous retirement accounts. While there are contribution limits, there are no income limits to participate in 401(k)s, unlike some other retirement account types, making they compelling retirement savings vehicles no matter what your financial situation.

WHAT YOU ALSO NEED TO KNOW

The 401(k) plan we have discussed thus far is a "traditional" 401(k) plan. There are also Roth 401(k) s, introduced in 2006, though they are still relatively uncommon. With Roth 401(k) plans, contributions are made with after-tax dollars (instead of coming from your paycheck pre-tax), but withdrawals will not betaxed once you take your money out in retirement. Capital appreciation in the Roth 401(k) is also not taxed, making these compelling investment vehicles in some cases… if they are available to you.

Also, 401(k)s are not the only type of employersponsored retirement plans out there—there are also 403(b) plans o fered to employees of tax-exempt or non-profit organizations, such as public schools, colleges, charities, churches, hospitals and libraries; 457 plans offered to state and local government employees, mostly; and Thrift Savings Plans offered to federal government and military members. There are some minor diffe ences between these plans, but in general, the work much in the same way as 401(k)s. Any of these vehicles could be an equally important part of your

inves ment strategy, depending on your circumstances and line of work.

WHAT IS AN IRA REALLY?

An IRA, or Individual Retirement A count, is a taxsheltered investment vehicle meant to allow you to begin securing your financial future yourself— whether you are employed or not. They serve the same general purpose as a 401(k)—to allow your money to grow tax-free for re-tirement—but IRAs are personal a counts that are not tied to your employer whatsoever.

MOST COMMON IRA TYPES

There two types of IRAs you will hear about most frequently: Traditional IRAs, which were created in 1974, and Roth IRAs, created as part of the Taxpayer Relief Act in 1997. While they both fit the definition of IRAs above, there are some fundamental differences in how they work, mainly with regard to taxes.

1. Traditional IRAs allow individuals to make tax-deductible contributions into the account. Distributions from tradition-al IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

2. Roth IRAs work in an opposite manner: individuals can invest after-tax dollars into an IRA, knowing that they will eve tually qualify for a taxfree and penal-ty-free withdrawal of earnings as long as distributions must meet a five-year hol ing requirement and occur after age 59½.

As a general rule, if you would rather use contributions to your IRA for a tax deduc-tion now and pay taxes on it when you make a withdrawal, choose a traditional IRA. If you would rather forego the tax deduction now in favor of being able to withdraw your money later tax free, choose a Roth IRA. There are, as you may imagine, other factors to consider-when making a choice like this, but this should at least help you get a feel for the differences in the account types.

There are other less-common forms of IRAs out there, such as a stretch-IRA (which allows you to structure the IRA to extend tax-deferred status across multi-ple generations) or a SEP-IRA (which is established by small business owners in lieu of a 401(k)). While these accounts will not apply to most people, if they sound like they could be relevant to you, talk with your financial planning profe sional for more details. There is also a relatively new type of IRA called "myRA" established recently as a "simple, safe, affordable way to start saving for retir ment" for workers that don't have access to a retirement savings plan at work. For more detail on this type of plan, visit www.myra.gov.

WHAT ARE THE CONTRIBUTION LIMITS?

Yes; a few. First of all, there are limits to how much income you can make and still get tax deductions from your traditional IRA.

- For individuals covered by a retirement plan at work, for example, the deduction for a traditional IRA in 2019 is phased out for incomes between $103,000 and $123,000 for married couples filing joint-ly, and between $64,000 and $74,000 for single filers.

- Contributions to a Roth IRA may also be limited depending on your income. For 2019, for instance, contributions to a Roth IRA are phased out between

$193,000 and $203,000 for married co ples filing jointly and between $122,000 and $137,000 for single filers.

There are also limits to how much you can contribute to either type of IRA in a given year, regardless of how much mo ey you make. Usually you can make total contributions of $6,000 a year to IRAs, no matter how many accounts you have. If, say, you contributed $5,000 to your Roth IRA, you could only contribute $1,500 to your traditional IRA, for example. There is one exception: Individuals who reach age 50 or older by the end of the tax year can qualify for "catch-up" contributions, raising the yearly contrib tion limit to $6,500 to help them increase their retirement account balances.

WHAT IS AN ANNUITY?

An annuity is a contract that is purchased from an insurance company. In exchange for premiums, the insurance company will make regular payments that can start immediately or at some date in the future. These payments can be made monthly, quarterly, annually, or as a single lump-sum, and annuity contract holders can opt to receive payments for the rest of their lives or for a set number of years. One of the largest benefits of investing in annuities is that invested funds grow tax-deferred. Upon withdrawal, the amount contributed to the annuity will not be taxed, but earnings will be. Unlike many other retirement vehicles, are not contribution limits for annuities.

Annuity contracts pass through two distinct phases: accumulation and payout. During the accumulation phase, prem ums are paid and the funds accumulate until the annuity contract reaches its pa out date. At that time, the total will either be paid out as a lump sum or as a series of payments over a period that can stretch as long as the account holder's life.

WHAT TYPES OF ANNUITIES ARE AVAILABLE?

There are two main types of annuities you will likely encounter: fixed annuities and variable annuities. Fixed annuities offer a guaranteed payout, typically in the form of a set dollar amount or a set percentage of the assets in the annuity.

Alternatively, variable annuities offer the possibility to allocate premiums between various subaccounts, giving the contract holder an opportunity to pursue potentially higher returns from the suba counts, but also causing that the annuity account value to fluctuate. There are also specialized indexed annuities that have a rate of return based on the performance of an index during the accumulation period, though they are less common. Which kind of annuity is right for you depends on a number of factors that a knowledgeable financial planning professional can help you work through.

Beyond choosing which type of annuity you want, you will need to consider which sort of payout structure is right for your situation. Any annuity type may come in "immediate" or "deferred" variants:

• Immediate annuities are structured to provide current income, with payments starting either immediately or up to 12 months after the first premium is paid. Remaining funds in the contract accum late on a tax-deferred basis, and only the portion of each payment attributable to interest is subject to tax, with the rest treated as a return on principal.

• Deferred annuities, alternatively, do not begin payouts until a specified date. Premiums paid accumulate interest during the accumulation phase, and you can determine the amount of payments and payment start dates based on your specific situation. Earnings credited to your contract are taxed upon withdrawal.

It is important to keep in mind that annuities have contract limitations, various fees and charges that could impact your returns. Most, for example, have surrender fees that are generally highest if you take out money sooner than later, and withdrawals made prior to age 59½ may incur a 10 percent federal income tax penalty. There are many other considerations, too, which are generally laid out in a detailed prospectus. Ann ities can provide strong value—especially if chosen and managed carefully— but we encourage you to work with a fina cial planning professional to work through the details necessary to determine what sort of annuity contracts might be right for you, and how you can go about maximizing the value of your contracts.

WHAT SORT OF RETIREMENT ACCOUNTS ARE RIGHT FOR YOU?

There is no "magic bullet" solution when it comes to retirement planning; there are simply too many factors that can impact what sort of approach is right for you. As you can probably tell by reading about the investment vehicles above, there are advantages to different sorts of retirement accounts that must be weighed, and ultimately you are likely to end up with a mix of different account types tailored to your goals and circumstances. Your best bet for finding the ideal allocations for your assets is to work with someone who handles retirement investments for a living and possesses intimate knowledge of financial planning best practices.

Ready to start investigating how these sorts of retirement accounts (and others) can be harnessed to help you realize your retirement dreams? If you are contributing to your retirement using any of these accounts, do you have a plan to create a secure future for you and your family?

We want to be your partner in both u derstanding what retirement accounts you currently have as well as developing a holistic approach to protecting your wealth and living the life you've wanted to live in retirement.

For more information, visit: usaretires.com.

SECTION II

DON’T RUIN YOUR RETIREMENT; KNOW THE COMMON MISTAKES

10 SIMPLE QUESTIONS CAN LEAD TO LONGTERM RETIREMENT SUCCESS

While the need to plan for retirement is practically universal, our collective ability to avoid common retirement planning mistakes unfortunately is not. Generation after generation, well-intentioned, hard-working people make the same mistakes that ultimately jeopardize their retirement… or at least add stress. How can you avoid a similar fate? Much can be accomplished by simply recognizing what pitfalls could trip you up... Then focus on carefully crafting a plan to avoid all-too-frequent financial follies.

THIS IS THE QUESTIONAIRE THAT COULD SAVE YOUR RETIREMENT

1. ARE YOU PLANNING TO RETIRE WAY TOO EARLY?

• We all have days when we feel like retirement cannot come soon enough. That said, many people actually DO retire too early… at least from a financial standpoint.

• The full retirement age for many Baby Boomers is 66, but roughly 40% of people retire early, missing out on benefits of wai ing longer to begin taking Social Security payments.

• Social Security benefits rise about 8% for every year you delay receiving them, which can quickly add up for greater retirement income if you are patient.

• Need help figuring out the ideal time to retire? We can offer guidance.

2. ARE YOU ACCOUNTING FOR FUTURE MEDICAL EXPENSES?

• The typically couple retiring at age 65 will need from $245,000–$266,0001 to cover their healthcare costs alone in retirement, according to 2015 estimates by Fidelity Investments and HealthView Services.

• Healthcare costs have been rising, too—F delity's estimate of costs rose by 11% in the last year alone—meaning you may need to plan to spend more each year.

• The amount you will need to save for me ical expenses can vary based on factors such as your health history and susceptibility, market conditions and more, but just keep in mind that prudent retirees explore ways to cover these costs before it becomes a problem.

3. ARE YOU PLANNING TO LIVE AS LONG AS POSSIBLE?

• It may sound like a silly question, but it's an important one. Many people take their p tential for longevity too lightly, and thus risk outliving their retirement savings.

• The Society of Actuaries2 states that half of 1,600 respondents aged 45–60 underestimated their projected life expectancies.

• Men aged 65 today can expect to live on average to age 84.3; women in the same situation can expect to live to age 86.6, according to the Social Security Administration3. 1 in every 4 of today's 65-year-olds will live past age 90, and roughly 1 in 10 will live past 95.

• Have you planned for a 20- or 30-year retirement? Based on the statistics, you probably should. Base your expectations on ever-evolving data, not experiences of past generations.

4. DO YOU KNOW HOW MUCH YOU CAN SAFELY WITHDRAW ANNUALLY?

• Many cautious retirees try to abide by the (somewhat contentious) "4% Rule" which states that you should only wit draw about 4% of your retirement savings annually.

• While a hard guideline like the 4% Rule can never account for factors like market volatility or personal circumstances, it is better to follow this guidance than to withdraw 7 or 8% per year shortly after retirement as some people do as they learn to cope with excess free time.

• Embracing a desire to "live it up" in retirement and find new adventures is not inherently a bad thing, but be careful how much you withdraw each year—you may regret it otherwise as you age.

• Your financial advisor can help you determine, based on your specific situation and the current financial landscape, what the right withdrawal approach is for you.

5. ARE YOU IGNORING TAX FORMALITIES?

• Understanding the fine details of tax law and fee structures that govern investments is not a strong suit for many pe ple, and thus many fall victim to financial penalties they did not necessarily need to pay.

• It can be a good idea to have both taxable and tax-advantaged accounts in retirement, for instance, to maximize a portfolio's optimal aftertax return. There are also ways to take retirement income off both a portfolio's principal and interest, allowing you to reduce ordinary income and income taxes.

• Account fees must also be watched carefully. The Department of Labor notes that a 401(k) plan with a 1.5% annual account fee would leave a plan participant with 28% less money than a 401(k) plan with a 0.5% fee, for instance.

• The bottom line? You may need a financial planning professional to help you find that balance within your portfolios and the right overall strategy for your investments.

6. ARE YOU PROPERLY ANALYZING RISKS IN YOUR PORTFOLIO?

• In general, many retirees avoid risk as much as possible in their investments since they will now need to depend on that money to live. That is not a bad thing; a conservative approach to retirement investing is a smart one.

• That said, not all risk is bad in your portfolio. Many fixed-rate investments produce significantly lower returns than other more riskprone options, and ba ancing a little bit of risk (such as that found in equity investments) can be worth the reward.

• Consider how what amount of risk is appropriate for your portfolio based on your unique—your financial advisor can help.

7. ARE YOU RETIRING WITH TOO MUCH MONEY OWED?

• Debt, at any stage of life, can be a significant hindrance to wealth accumulation or preservation.

• Avoid handing chunks of your retirement savings to creditors by thinking proactively about how you can be rid of your debt by the time you reach retirement.

8. ARE COLLEGE SAVINGS JUST TOO IMPORTANT?

• While setting aside money to ensure your children or grandchildren can afford to attend college is a noble pursuit, be careful not to prioritize it over retirement savings.

• There is no "financial aid" program for retirement, nor are there "retirement loans". Whereas the children on whose behalf you are saving have their whole financial lives ahead of them, retirement may loom in the near future for you.

• Avoid touching your home equity, your IRA or other retirement accounts to pay for education expenses—you will ult mately be glad you did.

9. ARE YOU PLLANING FOR RETIREMENT ACTIVITIES?

• It may seem like a silly question, but the fact is that many people do not start thinking about what they will do in retirement beyond a vague conception of "relax" until they get there.

• Will you truly be relaxing all day, or will you soon find yourself board and seeking new adventures? Will you embrace an "encore career" of volunteering? Will you travel the world?

• There are many options, but the more you think through them now, the more prepared you can be to finance those dreams—whether highly active or not.

10. DO YOU EVEN HAVE A PLAN?

• Hopefully if you are reading this, the answer is "yes", but unfortunately, far too many people simply do not plan for retirement until it is too late to be adequately prepared.

• An unplanned retirement inevitably brings with in terrible financial surprises, and approaching retirement without an investment strategy leaves you too prone to market volatility and risky behavior.

• If you lack a plan, lack an investing strategy or simply lack confident, talk to your financial advisor soon… It is your best bet for realizing a retirement you can enjoy.Some of the classic retirement planning mistakes covered above may seem intimidating, but now that you know they exist, why not plan to avoid them? Take a little time to review and refine your retirement strategy in the company of the financial professional you know and trust, and you will be well positioned for success.

We want to be your partner in understanding your retirement goals to deve op a holistic approach to protecting your wealth and living the life you've wanted to live in retirement.

For more information, visit: usaretires.com.

CHECKLIST

1. ARE YOU PLANNING TO RETIRE WAY TOO EARLY?

2. ARE YOU ACCOUNTING FOR FUTURE MEDICAL EXPENSES?

3. ARE YOU PLANNING TO LIVE AS LONG AS POSSIBLE?

4. DO YOU KNOW HOW MUCH YOU CAN SAFELY WITHDRAW ANNUALLY?

5. ARE YOU IGNORING TAX FORMALITIES?

6. ARE YOU PROPERLY ANALYZING RISKS IN YOUR PORTFOLIO?

7. ARE YOU RETIRING WITH TOO MUCH MONEY OWED?

8. ARE COLLEGE SAVINGS JUST TOO IMPORTANT?

9. ARE YOU PLLANING FOR RETIREMENT ACTIVITIES?

10. DO YOU EVEN HAVE A PLAN?

SECTION III

HOW NOT TO PUT YOUR FAMILY WEALTH AT RISK WHILE PLANNING RETIREMENT

INTRO

All too often, family wealth fails to last. One generation builds a business and it is lost in ensuing decades. We see it happen again and again… but why?

It is because families fall prey to serious money blunders. Classic mistakes are made, and the effects of changing times are not appropriately factored into decisions. If you know what to look out for you will have a better chance of avoiding financial calamity.

PROCRASTINATION

Failing to plan is always a risk, but so is failing to respond to acknowledged financial weaknesses. Long-term financial success requires foresight and a well-thought-through approach.

• Consider the case of a fictional multi-millionaire named Alan as an example. Alan gets a call on afternoon from his bank, which considers him a VIP private banking client. Alan is informed that his six-figure savings account lacks a designated beneficiary. Thanking the banker, Alan promises to come in soon to take care of the issue… but never does. With a busy schedule, the detour always seems too inconvenient.

• While Alan knows about this financial weakness, he fails to act upon it. As a result, procrastination costs him when those assets end up subject to probate, costing his heirs in the end. In the mea

time, they find out about other lingering details that were not buttoned up with Alan's other holdings, and they feel the negative financial impact.

MINIMAL/ABSENT ESTATE PLANNING

Forbes noted that 55% of Americans lack wills, and every year multimillionaires die without them. These are not just rock stars, athletes and actors; they are small business owners and entrepreneurs you might meet every day. Some at least create a living trust, pour-over will or basic will created online, but that is not always enough.

Anyone reliant on a will risks handing the destiny of their wealth over to a probate judge. A wealthy person that has a child with special needs, a family history of Alzheimer's or Parkinson's disease, a former spouse or estranged children may need more thorough estate planning. The same is true if he or she wants to endow charities or give grandchildren a strong start in life. If the person is a business owner, there is definitely the need for coordinated estate and succession planning.

A finely crafted estate plan has the potential to perpetuate and enhance family wealth for decades— perhaps gener tions. Without it, however, heirs may have to deal with probate and painful opportunity costs such as the lost pote tial for tax-advantaged growth and compounded interest.

LACK OF A "FAMILY OFFICE"

In the past, wealthy families sometimes chose to assign financial management to professionals, and family mansions boasted offices where those professionals worked closely with the family. These traditional "family offices" have largely vanished, but the concept of close collaboration with financial professionals is as relevant as ever.

Today, wealth management firms consult with families, provide reports and assist in decisionmaking in an ongoing relationship. Personal and responsive service is key. When your financial picture becomes too complex to confidently address on your own, tapping a consultant remains advisable.

TECHNOLOGICAL FLAWS

There are some modern concerns to take into consideration that have not always threatened wealth. For example, hackers can hijack email accounts and personal information in order to trick banks, brokerages and financial advisors into allowing unauthorized asset transfers. Also, which social media can help you build a business and personal brand, it can also expose personal information to identity thieves that want to access your assets.

Some businesses and families take precautions such as installing digital and physical security systems, but when they experience problems or find them inconvenient, they turn the systems off. U scrupulous people, even some you may know or trust, can take advantage of these mistakes.

FAILING TO COMMUNICATE

When a family wants to sustain wealth, they must understand both how to do it and why it is important. Equally im-

portantly, all family members must be on the same page with regard to decision-making. If family communication about wealth tends to be opaque, the mecha ics and purposes of the strategy may never be adequately communicated to heirs, and mistakes will be made.

NO DECISION-MAKING PROCESS

In the typical high-net-worth family, financial decision-making is vertical and top-down. Parents or grandparents may make decisions in private, and it could be years before heirs learn about or fully understand it. When the heirs become the decisionmakers upon the death of elders, the heirs may already be in their 40s, 50s or 60s… and now they have current (and perhaps former) spouses and children that must be factored into family wealth decisions.

Some of this financial planning stress can be alleviated through horizontal dec sion-making. In this case, multiple generations understand the guidance of family wealth. Estate and succession planning professionals can help ensure that decisions are made with an awareness of different communications styles, fostering in-depth conversations. Good estate planners know that silence does not mean agreement, for example, and will coax necessary discussion.

THE BOTTOM LINE

There may be abundant risks to financial wealth, but most, if not all of the issues mentioned above can be avoided through smarter planning. Collaborate with financial and legal professionals, and you can avoid many of the challenges that have derailed earlier generations. Most importantly, it is never too soon to begin. Want to discuss these challenges-in more detail?

Contact us today to get a conversation started.

For more information, visit: usaretires.com.

REMEMBER THE RISKS

1. PROCRASTINATION
2. BAD ESTATE PLANNING
3. NO FAMILY OFFICE
4. TECHNOLOGICAL HICK-UPS
5. POOR COMMUNICATION
6. POOR DECISION-MAKING

SECTION IV

REALITY CHECKS FOR RETIREMENT PLANNING

Most, if not all of us, know that someday we will retire. We know we need to plan to save a substantial enough amount of money to allow us to live comfortably without the regular income that a career brings, but often our planning ends there. We do not take the time to think through the details of what retirement will actually look like for us, and thus there is ample opportunity to be surprised once the day comes that we wrap up our careers.

This does not have to be the case. Ask yourself five key questions now, and you will find yourself more prepared for what the future brings.

QUESTION #1: HOW WILL YOU SAVE IN RETIREMENT?

More and more Baby Boomers are retiring with the hope that they can become centenarians. Thanks to healthcare advances and generally healthier lifestyle choices, this hope could very well be realized. While we save for retirement, however, we do not necessarily plan to save in retirement to ensure our assets can keep up with our presumed longev ty. This requires more than budgeting; it means investing with growth and tax efficiency in mind year after year.

QUESTION #2: COULD YOUR CASH FLOW BE MORE IMPORTANT THAN YOUR SAVINGS?

While the #1 retirement fear is someday running out of money, your net income stream may prove to be more important than your retirement nest egg size. How great will the income stream need to be from your accumulated wealth? Here are a few things to consider.

Many ascribe to the "4% rule"—a principle espoused by Bill Bengen in the Journal of Financial Planning in the 1990s. This theory states that retirees should withdraw about 4% of their overall savings annually to make it last. Respected economist William Sharp (one of the minds behind Modern Portfolio theory) dismissed the 4% rule as overly simplistic and an open door to retirement shortfalls in a widely cited 2009 essay in the Journal of Investment Management.

Because volatility is pronounced in today's financial market and the relative calm prior to the recent recession still has yet to return, it is hard to imagine sticking with a hard guideline like the 4% rule. More realistically, your annual withdrawal percentage may need to vary due to life and market factors. Your financial advisor can help you come up with a plan that is more appropriate for you.

QUESTION #3: WHAT WILL YOU BEGIN DOING IN RETIREMENT?

In the classic retirement dream, every day feels like a Saturday, and your reward for decades of work is 24/7 freedom. If this comes to fruition, however, would you be bored? It happens. Many people retire with only a vague idea of "what's next", and after a few months or years, they find themselves in the doldrums when they feel they could be appl ing their free time more productively.

A goal-oriented retirement has its vi tues, as having concrete plans yields a sense of purpose, and in turn, helps to overcome retirement listlessness. Start thin ing now what you may want to do in retirement (other than relax), as an e core career or specific projects you want to undertake will keep you engaged… and will give you a better framework around which to plan your retirement savings and income needs.

QUESTION #4: WILL YOUR SPOUSE WHAT TO LIVE THE WAY THAT YOU LIVE?

Many couples retire with shared goals, but they find that ambitions and day-to-day routines differ. Dissonance turns to aggravation over time unless you start having the conversation necessary to iron out potential conflicts in advance. You may recognize that your spouse's ideal retirement will not precisely mirror yours, but you may also be surprised at just how different your visions are if you don't talk about it now. This also helps you to better frame your savings plans to ensure your assets will support both people's goals.

QUESTION #5: WHEN- SHOULD YOU (AND YOUR SPOUSE) CLAIM SOCIAL SECURITY BENEFITS?

Social Security is a complicated topic and truly deserves its own articles/ guides, but there are general principles to keep in mind. Most notably, "as soon as possible" is not always the right answer to "when should we withdraw?" A careful analysis is needed. Talk with the financial professional you trust, and run the numbers. IF you can wat to apply

for Social Security at a strategic time, you might realize as much as hundreds of thousands of dollars more in benefits over the course of your lifetimes.

This Retirement Reality Check is just a starting point, but it should get you headed in the right direction.

THE BOTTOM LINE

There may be abundant risks to financial wealth, but most, if not all of the issues mentioned above can be avoided through smarter planning. Collaborate with financial and legal professionals, and you can avoid many of the challenges that have derailed earlier generations. Most importantly, it is never too soon to begin. Want to discuss these challenges in more detail?

Contact us today to get a conversation started.

For more information, visit: usaretires.com.

QUESTIONS TO REMEMBER

1. How will you save in retirement?

2. Can cash flow be more important than savings?

3. What will you start doing in retirement?

4. Will your spouse live the way you live?

5. When is it okay to claim social security?

SECTION V

SEVEN DEADLY CONCEPTS FOR HIGHLY EFFECTIVE FINANCIAL PLANS

Planning for retirement requires a substantial amount of long-term planning. For many people, that means thinking about their financial future in concentrated doses. We might take a hard look at our finances when we make significant decisions such as buying a home, purchasing insurance or paying our taxes, but most of the time we are content to only think about immediate monetary concerns. As a result, it can become easy to lose sight of the bigger picture of our financial health today and tomorrow.

Staying up-to-date on where you are financially and what your future may hold is not as strenuous a pursuit as it may sound. In fact, by assessing seven factors of your financial health just once per year, you will be well-positioned to make adjustments as necessary while also feeling the peace of mind that comes with knowing exactly where you stand.

Consider printing and working through the following checklist annually for an easy point of reference. Need help? Check with your financial advisor to determine your financial health and any necessary next steps.

ANNUAL FINANCIAL REVIEW CHECKLIST

INVESTMENTS

returns/security necessary to align with your current goals? Take a close look at your portfolio positions and revisit your asset allocation.

RETIREMENT SAVINGS

Take a look at your overall retirement

strategy. Does it (still) make sense? Some steps to consider include:

• Taking your retired minimum distribution (RMD) from your traditional IRA, if applicable

• Assessing contributions to IRAs, 401(k s or other tax-sheltered retirement a counts. Max out contributions if you are able, and consider doing the same with catch-up contributions, if applicable.

• Consider whether converting from a traditional to a Roth IRA makes sense for you.

TAXES

There are many steps you can take to better anticipate taxes and minimize what you owe. For example:

• Search for possible credits and/or d ductions before the year comes to a close.

• Have a qualified tax professional put together a year-end projection that includes Alternative Minimum Tax (AMT).

• Review factors such as unrealized gains, losses and appreciated property sales.

• Take a look back at last year to see if there was any loss carry-forwards.

• If you've sold securities, gather cost-basis information.

• Look for any other transactions that could potentially enhance your circumstances.

GIFTS & CONTRIBUTIONS

While we may enjoy giving, we are not always the best at tracking it or approaching it strategically. Plan charitable contributions to education accounts, religious institutions or other organizations ahead of time, and make any desired cash gifts to family members. Review and fund trusts as applicable.

INSURANCE

Look over your policies. Are they up to date? Is your beneficiary information accurate? Review costs, beneficiaries and any/all life changes that could affect your insurance needs, adjusting as necessary.

LIFE CHANGES

Did your personal circumstances change drastically this year? For example, did you…

• Get married or divorced?
• Move or change jobs?
• Buy a home or business?
• Have or adopt a child?
• Receive an inheritance or significant gift?
• See a severe illness or ailment affect a family member?
• Lose a family member?
• Discover that a parent needs assisted living arrangements?

Any of these factors could affect the way you should be saving, filing taxes and making other financial arrangements, so be sure to log them for discussion with your financial advisor.

BIRTHDAY MILESTONES

Your age can make a big difference when it comes to what you may and may not do without financial penalty. Consider how some of the following birthday milestones could affect your options:

• If you turned 50 this year, catch-up contributions can now be made to IRAs and certain other qualified plans.

• If you turned 55 this year and you retired, you may now take distributions from your 401(k) account without penalty.

• If you turned 59 ½ this year, you may take IRA distributions without penalty.

• If you turned 62 this year, you are now eligible to apply for Social Security benefits.

• If you turned 65 this year, you are now eligible to apply for Medicare.

• If you turned 70 ½ this year, you must now take RMDs from your IRA accounts.

Asking yourself a few questions and documenting your financial history better can do wonders for cementing your financial future. Some of these factors can admittedly be complex to navigate, so make a point to check in with your financial advisor, bringing this information with you to make a meeting as productive as possible.

THE BOTTOM LINE

There may be abundant risks to financial wealth, but most, if not all of the issues mentioned above can be avoided through smarter planning. Collaborate with financial and legal professionals, and you can avoid many of the challen es that have derailed earlier generations. Most importantly, it is never too soon to begin. Want to discuss these challenges in more detail?

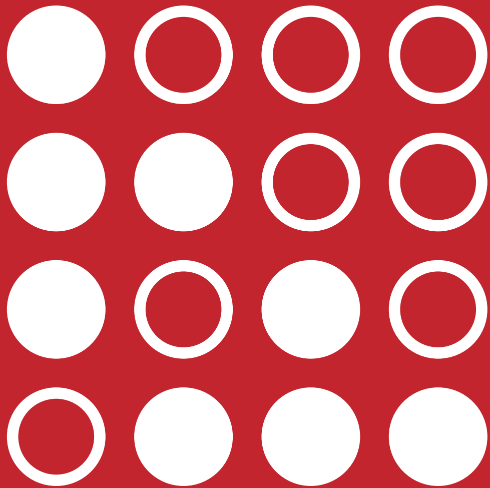
Contact us today to get a conversation started.

For more information, visit: usaretires.com.

CHECKLIST

- ☐ INVESTMENT
- ☐ RETIREMENT SAVINGS
- ☐ TAXES
- ☐ GIFTS & CONTRIBUTIONS
- ☐ INSURANCE
- ☐ LIFE CHANGES
- ☐ BIRTHDAY MILESTONES

The information contained in USARETIRES.COM is for general information purposes only. The information is provided by USARETIRES.COM and while we endeavor to keep the information up to date and correct, we make no representations or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability or availability with respect to USARETIRES.COM or the information, products, services, or related graphics contained on USARETIRES.COM for any purpose. Any reliance you place on such information is therefore strictly at your own risk.



USA
RETIRES®