

Retirement Readiness Checklist

Are you ready for retirement? Here is what you need in order to ensure you are prepared!

- **Take Inventory of your Assets**
 - Keep in mind that you won't be getting a paycheck once you retire.
 - Evaluate your budget!

- **Build an Emergency Fund**
 - Some experts recommend that you sock away three months of living expenses, while others suggest you save enough for at least a year. Six months' worth of funds should be enough to cover you in case of emergency. Base the amount of this six-month fund on your expenses, not your income.

- **Eliminate all Debt**
 - Paying down debts with the smallest balance.
 - Paying debts with the highest interest rates.

- **Determine your Retirement Needs**
 - Before you can retire, you must decide how you want to retire.
 - Consider where you want to live, whether you'll have a job (this may sound crazy, but some people like to work in retirement) and what your expenses will be.
 - Try to be realistic in terms of retirement length.
 - This can be difficult to predict, but you can always refine your estimate down the line.

- **Square Away Health Insurance**
 - Healthcare is one of the biggest expenses you'll face in retirement.
 - According to the Bureau of Labor Statistics' Consumer Expenditure Survey, healthcare costs account for an average of 11% – 15% of retirement spending, depending on the retiree's age.
 - In addition to factoring these expenses into your budget, you'll also want to consider where you'll be getting health insurance coverage.
 - If you retire at or after the age of 65, you can largely rely on Medicare for your retirement needs. You can get an overview of Medicare's coverage and costs at the official www.medicare.gov site. Pay special attention to anything you need that isn't covered. Some people like to have a supplemental insurance plan.
 - Things get trickier – and more expensive – if you plan to retire early. If you don't receive health insurance from your former employer or through your spouse's employer and don't yet qualify for Medicare, you'll have to get health insurance on your own. Whatever your situation, just make sure your insurance doesn't lapse when you need it most. Know the terms and conditions of your coverage as well as how much you can expect to pay in premiums, deductibles, co-pays and out-of-pocket costs.

□ **Plan your Estate**

- This will ensure your family is not plagued with financial burden after you're gone and that your money is dispersed according to your desires.
- Assign a power of attorney and healthcare proxy to make decisions on your behalf should you become incapacitated.
- Establish guardians for living dependents and appoint beneficiaries on life insurance plans, retirement accounts and shared assets.
 - Consider taxes here too, as you don't want your estate bequeathed to the IRS.

□ **Investigate Retirement Investments**

- One of the worst mistakes American workers make is designing their investment portfolio around their retirement date.
 - This leaves little earnings potential for their post-retirement life. It's never a bad thing to have more income!
- Investigate how retirement investments could supplement your retirement account earnings.
 - Keep in mind that your risk tolerance may change as you age and stop earning a paycheck.

□ **Learn how to Withdraw Funds**

- If you have an employer-sponsored plan, consider rolling the money over into an IRA account.
 - Consolidating into an IRA is probably the better option if you're over 59 1/2. At this time, you can take money out of your retirement accounts without incurring an early withdrawal penalty.
- By 72, the law requires you to take required minimum distributions (RMDs).
 - You should make your decision based on what's both tax-efficient and what you and your family feel most comfortable with.
 - This can be very complex, so make sure you meet with us.

□ **Say Goodbye to your Coworkers!**

- Once you have checked off each of the above items and have successfully reached your retirement goals, you are officially ready to retire!

While this check list can start as a guide, speaking to us is the best way to successfully plan for retirement. Get started today!

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Limitations and Early Withdrawals: Some IRAs have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney.

Retirement Plans: Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty.

Roth IRA: Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.

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