

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

A Heads-Up for the Soon-to-Retire Crowd

You've got plans, so you don't want to make mistakes that could derail them. If you're close to retirement, recognizing potential missteps can help you avoid them.

Investing Too Aggressively

What if you haven't saved as much as you'll need for retirement? You might decide to choose a more aggressive asset mix because it offers the potential for higher returns, but investing aggressively carries more risk -- along with the very real possibility that your investments will lose value instead.

If you haven't saved enough, consider taking measures that don't involve investment risk, such as working longer, saving more, and spending less.



Failing to Track Your Finances

Having a handle on your finances is important at any age, but it's particularly critical as retirement nears. If you don't have a budget to track the amount you're spending, you risk having to dip into your savings to pay the bills at a time when building your nest egg should be a priority. And by checking your net worth once a year, you'll have a current snapshot of your total financial situation.

Underestimating Health Care Expenses

Don't even *think* that Medicare will cover all of them! In addition to premiums for Part B, and possibly Part D, you'll have deductibles, coinsurance, and copays. And dental and eye care typically aren't covered. Any supplemental insurance you purchase will be an added expense.

Neglecting Social Security Planning

Your retirement planning should include figuring out the best time to begin collecting Social Security benefits. You can begin receiving reduced benefits at age 62. Or you can wait until you reach your full retirement age (FRA) to collect full benefits. Your benefit amount will increase for every year beyond your FRA (up to age 70) that you wait to collect, but if you don't wait until your FRA, your benefit will be permanently decreased.



Keep in mind that you don't have to claim benefits as soon as you retire. If you have other income sources, you might want to wait and claim a larger benefit later on. Other factors, such as your health and tax situation, should also play a role in your decision.

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