

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Retirement Countdown -- Are All Systems Go?

You've been saving money for retirement throughout your working years. And now that you're close to retiring, it's time to begin thinking about spending it. Retirement is a big life change. Planning ahead can help make the transition easier.



Not Rocket Science

Your retirement income will have to cover your basic living expenses, such as housing costs, food, utilities, taxes, insurance, transportation, and so on. By the time you retire, you may have paid off your mortgage and any home equity loans. However, you'll still have to account for maintenance costs and property taxes in your budget. You'll also want to have enough money for the things you would like to do in retirement, which might include traveling, pursuing hobbies, or maybe even relocating, so include those costs in your planning.

And remember that the cost of living generally rises over time, so don't forget to factor inflation into your projections.

Income Trajectory

Now that you've thought about your expenses, you need to think about where the money will come from to pay them. Start by listing all projected sources of your retirement income, such as pensions, retirement plans, investments, individual retirement accounts (IRAs), and Social Security. Then estimate how much you can expect from each one. If there's a shortfall, consider working longer or finding another way to increase your income.

The Health Care Galaxy

Health care costs can take a big chunk out of your retirement budget. So it's essential to plan adequately. Medicare provides basic coverage but at a cost to you. Unless your employer offers comprehensive retiree health insurance, you may want to consider purchasing a supplemental policy (known as a Medigap policy) to pay costs that Medicare doesn't cover.

Your Flight Plan

Your investments' performance can affect how long your assets last. But the rate at which you withdraw assets from your accounts can also have a big impact. Choosing a



rate that's too high can quickly deplete your assets. Selecting a somewhat conservative withdrawal rate can help make your money last longer.

Mission Control

Smart tax management can help increase the amount of money that's available to you in retirement. Where you hold various types of assets and the order in which you withdraw them can affect the taxes you pay. Consider withdrawing money from taxable accounts first and leaving assets in tax-qualified retirement plans and IRAs for as long as possible.

Splashdown

Throughout your investing life, the mix of stocks, bonds, and cash you hold in your portfolio will have an impact on your investment returns. Although stock volatility is always an issue, investing too conservatively may keep you from earning returns that will help you reach your goals. Consider leaving a portion of your portfolio invested in stocks, even after retirement, to provide growth potential.

Your situation is unique, so be sure to consult a professional before taking action.

This material is provided solely for informational purposes and does not constitute investment, tax, legal or accounting advice on the matters addressed. Neither Pentegra Services, Inc., its subsidiaries, nor any of their respective employees intend that this material should be relied on as investment advice, which should be sought from a professional advisor. Performance information shown reflects past performance and does not indicate or guarantee future investment results. Current and future results may be lower or higher than those shown. ©2019 Pentegra Retirement Services



701 Westchester Ave, Suite 320E, White Plains, New York, 10604