

# RETIREMENT & SAVINGS

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THING®**  
*Golden Years*

# *Is retirement on the horizon?*

If you plan to retire within 10 years, here are a few things to tackle to ensure you are well prepared for the next chapter of your life



# *Is retirement on the horizon?*

- Retirement planning can be a complex endeavor
- As you approach your retirement years, it becomes increasingly important to organize your financial affairs effectively





1

CONTRIBUTE TO YOUR  
**401(k) & IRA**

# 1

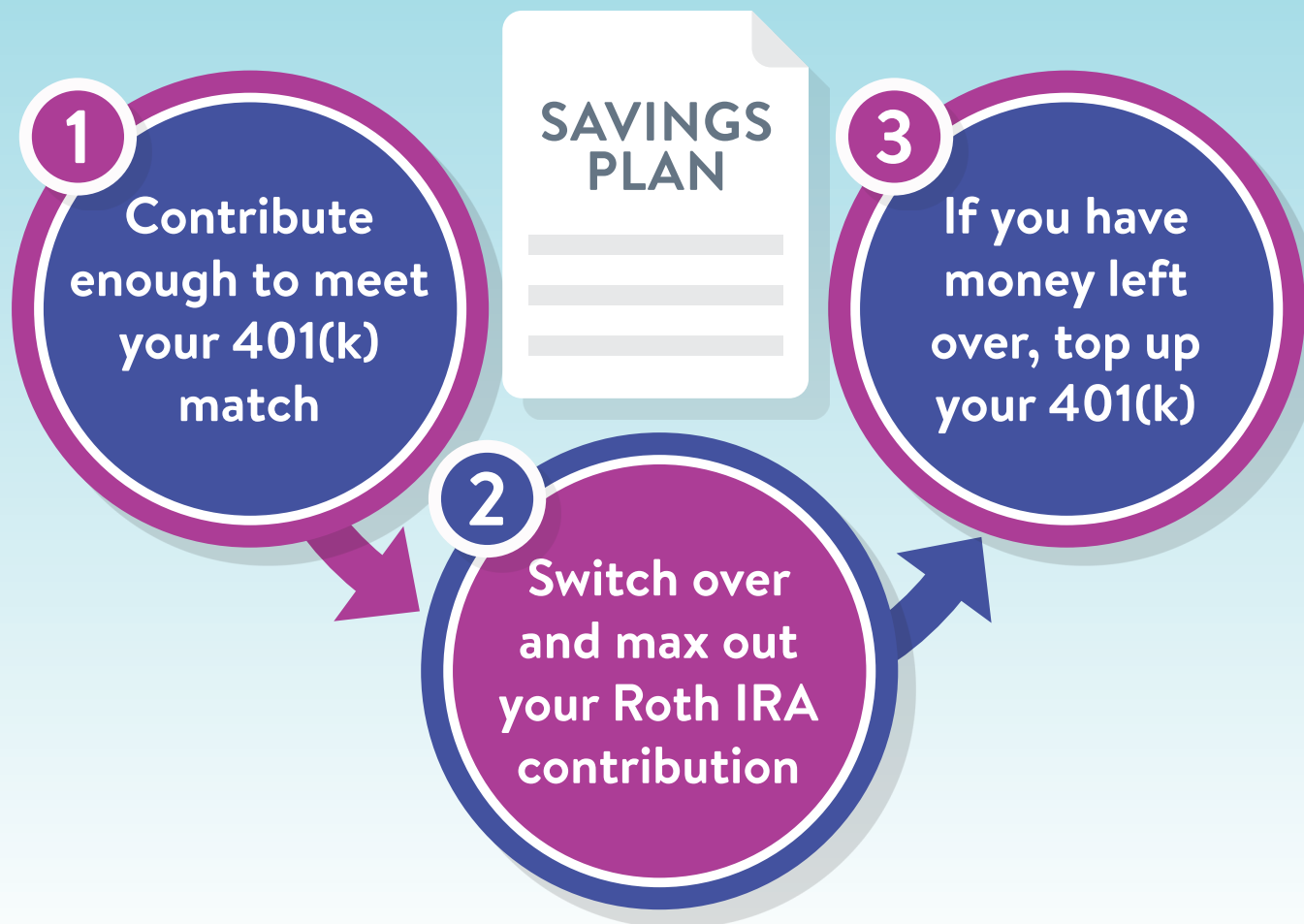
## CONTRIBUTE TO YOUR 401(k) & IRA

- For many retirement savers, these are the highest-income years of their careers
- This is the time to contribute the maximum amounts possible to your employer's retirement plan, IRA accounts and the like
- While these contributions will not have the years to compound as those made in your 20s and 30s, every bit helps

# 1

## CONTRIBUTE TO YOUR 401(k) & IRA

Retirement savings plans are not “one size fits all,” but these steps are often recommended





## CONTRIBUTE TO YOUR 401(k) & IRA



### SAVINGS PLAN

### Why?

**This strategy nets you the free money from your employer match and also takes advantage of your Roth IRA's tax-free withdrawals**



CHECK YOUR

**Social Security**



## 2

# CHECK YOUR SOCIAL SECURITY

- You can get your statement and check your benefits on the Social Security Administration website
- It's a good idea to check that you have received full credit for all of your earnings
- It's also important to know and understand what your benefits will be if claimed at different ages



## 2

## CHECK YOUR SOCIAL SECURITY

- If you are married, there are a number of strategies to consider in terms of the timing of claiming your benefits
- A good calculator can help you decide—two worth trying are the Social Security Administration's Online Benefits Calculator and AARP's Social Security Calculator





3

GATHER INFO FOR ALL OF YOUR  
**retirement accounts**

# 3

## GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

- It's not uncommon for someone to have worked at a half dozen or more jobs throughout their career
- This can lead to a number of retirement plans with former employers
- If you're married and your spouse works, this number can easily double
- This is in addition to your Social Security benefits

# 3

## GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

### **You may have:**

- Old pensions in which you have a vested benefit
- Old 401(k) plan accounts that have been left with a former employer and ignored over the years
- Multiple IRA accounts



401(k)



## GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

**This is a good time to:**

- Make sure you have a list of all of these old plans
- Develop a strategy to make sure that old 401(k) and IRA plans are consolidated and properly invested
- Let former employers know your current contact information for any old pension accounts



## GATHER INFO FOR ALL OF YOUR RETIREMENT ACCOUNTS

**While many of these old accounts might be relatively small, if you have several, they can add up to real money for your retirement**



4

FIGURE OUT OTHER

**financial resources**








# 4

## FIGURE OUT OTHER FINANCIAL RESOURCES

This is also a good time to get your arms around your other financial assets that are potentially available to support your retirement lifestyle

These might include:

-  Taxable investment accounts
-  Annuities
-  Life insurance with cash value
-  Interest in a business
-  Stock options from your employer



5

DETERMINE HOW MUCH YOU

**will need to retire**

# 5

## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

- It would be nice to say that retirement planning is as easy as “save a million dollars or invest 10% of your salary and you’re going to be fine”
- But retirement planning needs to be personalized
- To start your planning, here are a few common rules of thumb to finding a magic retirement number

## 5

## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

RULE OF THUMB	APPROXIMATE AMOUNT
Your pre-retirement income x 10 to 14	\$1,000,000 to \$1,400,000
70% to 80% of your annual working income	\$1,400,000 to \$1,600,000 (assuming 20 years in retirement)
Your desired annual retirement income x 25	\$2,500,000 if you want your retirement income to match your working income

# 5

## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

However, the amount that you need to save for retirement really depends on your situation and expectations

### VARIABLES TO CONSIDER



**Will you be moving or downsizing your house?**



**Will you be debt-free by the time you retire?**



**Will you have parents or adult children to support?**



## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

### HOW WOULD YOU LIKE TO LIVE?

- This is the time to start making some choices about how you will live in retirement and, more importantly, to put some dollar figures onto this lifestyle
- Another way to say this is to start thinking in terms of a retirement budget

# 5

## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE





**There are many retirement calculators online that can give you an idea of whether your plans for retirement are realistic or not**



# 5

## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

Most retirement projection tools will ask you to input:

-  Your retirement plan assets
-  Any pensions
-  Social Security
-  Other investments

Based on variables such as your investment allocation and other factors, these tools will give you an idea of how much retirement cash flow your resources might be able to support





## DETERMINE HOW MUCH YOU WILL NEED TO RETIRE

**While you might not like the answer you get, it's better to know ahead of time that you will have a potential shortfall in your retirement cash flow**

## SEEK PROFESSIONAL ADVICE

**This might be a good point to find a competent fee-only financial advisor to assist you**

**Besides their expertise, a qualified advisor can add a detached third-party perspective to your retirement planning**

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Sources: Investopia, Toronto Star

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