

Planning for a Secure Retirement

Retirement Readiness Worksheet

Week One: Create a Retirement Budget (Read chapters 1-3 of *Plan on Living*)

What are some of the challenges retirees face today?

Many retirees concentrate on 'what they are retiring from' rather than considering the more impactful question: 'what are you retiring to?'. Take some time to consider what you will be doing during your retirement.

Have you considered how much money you will need in retirement and have you developed a retirement budget?

What changes do you expect to have with your budget between now and retirement?

Week Two: Obtain an Estimate of your Social Security Retirement Benefit (www.SSA.gov and read chapter 4 of *Plan on Living*)

What is your Full Retirement Age (FRA) *the age at which you are entitled to receive your full retirement benefit?*

Fill in the following values for Social Security:

Estimated Monthly Benefit at age 62?:

Estimated Monthly Benefit at FRA?:

Estimated Monthly Benefit at age 70?:

What should you consider when deciding whether to delay taking your Social Security Benefit?

If you are married, will your spouse be receiving Social Security based upon their own work history or will they be receiving a spousal benefit based upon your earnings history?

If you are married, fill in the following for your spouse's Social Security benefit amounts.

Age 62?

At FRA?

Age 70?

What are the potential pitfalls of a spouse applying for their Social Security benefit prior to their FRA?

Week Three: Obtain an Estimate of your Pension (Read chapter 5 of *Plan on Living*)

If you are entitled to a pension, fill in the following estimates for your pension if you work to age 65 or your planned retirement age:

Payment Option	Dollar Amount
Standard Benefit (single life with 10-yr certain)	
Life with 100% Survivor Benefit	

What is your estimated monthly payment at age 65 or full retirement age as defined by the pension plan?

What are the survivorship options?

Does this pension provide a cost-of-living adjustment?

Is there a lump-sum payment option?

What are some reasons why doing a lump-sum pension rollover may be a good idea?

What are some reasons for electing a monthly benefit option and not doing a lump-sum rollover?

What is the best option for you and your family?

Week Four: Evaluate Your Investment Strategy

What is the current allocation of stocks versus bonds in your portfolio? Why?

Part 1 – Answer the following questions and read chapters 6-10 from *Plan on Living*

1. Investing in the stock market over long periods of time has been a good investment approach over the last 50 years. True or False?
2. Investment returns in the stock market are very predictable and it is always the best investment to use, even over short periods of time. True or False?
3. Predicting a drop in the market is easy. Prudent investors should try to get out of stocks before a market drop and try to buy back into stocks after they have fallen. True or False?

4. Investment managers have proven that it is easy to outperform the stock market average by selecting the right mix of stocks versus just buying the average. True or False?
5. You can find the best investment managers by looking at their investment track record over the last couple of years. True or False?

Part 2 – Answer the following questions and read chapters 11-14 from *Plan on Living*

1. In your own words, describe the importance of Time Horizon and Diversification when deciding on your Asset Allocation (what you invest in).
2. In your own words, describe the impact of fees on your investment returns.
3. Annuities are a low-cost way to invest. True or False?
4. It is important to stay on top of the latest news and to closely watch the stock market's recent movements when making long-term investment decisions. True or False?

Week Five: Create a Personalized Income Plan: Answer the following questions and read chapters 15-19.

1. From week one, how much income do you need per month?
2. When do you plan on retiring?
3. What is your Social Security benefit amount, and when do you plan on claiming your benefit?
4. If applicable, what is your spouse's Social Security benefit amount and when will they claim their benefit?
5. What is your plan for your pension? Your spouse's pension?
6. What is your income shortfall, or in other words, how much of your income will need to be provided by your investments rather than by your Social Security, pensions, and other systematic payments?
7. What investment accumulation amount will you need to have to provide for income shortfalls? (Multiply your annual income shortfall by 25)

8. Will you have enough money saved by the time you retire to cover your income shortfall? If not, what steps are you going to take to make up this shortfall?
9. From the ideas discussed in class, what are some of the principles of creating a successful retirement income plan?

Week Six: Minimize Taxes in Retirement (Read chapter 20 from *Plan on Living*)

1. Broadly speaking, you have three account types, each with its own unique tax advantages. How are you taxed on each of these types of accounts?
2. When is it mandatory to take Required Minimum Distributions?
3. From the discussions in the class, would any of the following items be beneficial to act upon for your own retirement:
 - Updating your estate plans.
 - Qualified Charitable Distributions
 - Donating appreciated investments to charity (or donating to a Donor-Advised Fund)
 - Roth conversions
4. What tax strategies do you believe might be applicable in your situation?