The Keys to Finalizing Your Retirement Plan in Your 50s

RETIREMENT & PLANNING SOLUTIONS TEAM

CATCH UP ON YOUR RETIREMENT PLAN

Once you turn 50, your retirement may start becoming more real. At this age, you may be able to save at a typically higher rate than you could before, and you should capitalize on this savings opportunity. You can benefit from the "Catch Up" provisions available in your retirement accounts, such as a 401(k) or Individual Retirement Account. The "catch up" provision allows anyone age 50 or older to contribute more than the allowable maximum contribution amount.

DEVELOP YOUR INCOME PLAN AND BUDGET

As you near retirement, it is important that you set realistic goals for your budget and income plan during your retirement. Now is a good time to meet with your Financial Advisor to go over the sources of retirement income, your monthly retirement expenses and any other life events. It is important that you are prepared for any risks that may arise in your retirement. In addition to ensuring you have a realistic retirement income plan and budget, make sure your emergency fund equals at least 3 to 6 times your monthly expenses. And if you still have any remaining credit card debt, be sure to pay down those balances.

REEVALUATE YOUR ASSET ALLOCATION

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In addition to establishing a realistic retirement income plan and budget, it is important that you look at the investment strategy being implemented in your retirement savings plans. As you get closer to retirement, you may want to have a more conservative portfolio. Conservative does not necessarily mean only fixed income assets (such as bonds and Treasury notes) but may also include equity investments (as they may be key components within your portfolio to help grow your savings throughout retirement). Talk with your Financial Advisor as you approach retirement to figure out which investment approach best fits your situation by utilizing our Customized Financial Analysis[1].

AVOID EARLY CASH DISTRIBUTIONS

There may be instances when you might need to take early cash distributions from your retirement savings accounts, whether this is for a life emergency or a long-awaited family trip. However, it is not encouraged. Taking early cash distributions before 55 or 59½ (depending on your plan) can result in higher taxes and may also result in early withdrawal fees. Due to the penalties that can result from early distributions, emergency savings accounts can be critical for your financial security leading up to and during retirement.

UPDATE BENEFICIARY INFORMATION

With age comes more responsibility, especially when it comes to the financial safety of you, your parents and your children. It is important to update your will, general and medical powers of attorney, and living will. Your designated beneficiaries will receive the funds in your retirement accounts regardless of how you allocated your assets in your will.

[1]The Customized Financial Analysis referenced is a tool that provides an additional resource in the evaluation of the potential risks and returns of investment choices. The projections or other information generated by the Customized Financial Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.