Before You Retire: Steps for Planning In Advance - *Client Newsletter*

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As the average life expectancy in the United States seems to increase with each passing year, having a secure retirement plan is more important than ever. Retirement planning encompasses much more than simply saving enough money to live on after you stop working—it is an ongoing and dynamic process.

While it is tempting to put it off, the best time to start planning for retirement is well in advance of when you are actually ready to retire.

Consider the following suggestions as you start down the long, winding road that is your retirement:

1. **Get organized**. Organizing and understanding your finances is a great starting point. Create a balance sheet that contains your financial information, including asset type and value, and how owned. Consider how the assets will be distributed upon your death. Consolidate your account log-in information and corresponding passwords—and ensure that your advisors and trusted family members/friends can access the information in the event of your incapacity or death.
2. **Build your team**. Pick professional advisors that you trust to work with you towards your goals. Make sure your team works together. By gathering a well-rounded team, including an attorney specializing in estate planning, a financial planner, an accountant and an insurance adviser, you will have put in place a system with built-in checks and balances.

3. **Create a budget and savings plan**. Carefully monitor your spending patterns and expenses to determine how much you will need to live during your retirement years. This will enable you to work with your advisors to create realistic current and projected budgets, and tailor your savings approach. Review spending and expenses (at least annually) to reflect any significant changes.
4. **Consider retirement goals**. Think about your life after retirement. Consider where you might live, your desired retirement lifestyle, any ongoing obligations, as well as expected and unexpected health care expenses. Consider the impact of these factors on your finances in retirement.
5. **Review your estate planning documents**. Review your existing estate planning documents to make sure they still make sense. Have the documents reviewed by a trust and estates attorney to ensure that they reflect current law. If you do not have documents in place (including a will, durable power of attorney, and health care proxy/living will) consult with an attorney qualified to assist you with preparing and implementing these documents.
6. **Review your beneficiary forms**. Even if you have estate planning documents in place, be mindful that certain assets pass outside of a will. For example, life insurance, IRAs and retirement plans generally pass to the designated beneficiaries. If your beneficiary designation forms are not coordinated with your estate planning goals, your objectives may not be realized. Be aware that failure to designate individual beneficiaries may also have adverse income tax consequences.
7. **Consider estate tax implications on your estate**. It is also important to discuss with your attorney whether your estate will be subject to estate tax. While the federal exemption has increased dramatically over the years ($5,450,000 in 2016, indexed for inflation), some states continue to have much lower exemptions ($675,000 in New Jersey). If your estate will be subject to estate and/or inheritance tax, consider how it will be paid and/or whether you can minimize those taxes.
8. **Consider long term care implications on your estate**. Consider how you will fund your long term care, if necessary. Are your assets sufficient to self-fund such care? Alternatively, evaluate whether long term care insurance is a viable option or if qualifying for government benefits might be necessary. Consult an attorney versed in elder law to better understand the options available to you.
9. **Talk about it**. Most people do not want to think about what will happen when they die or become incapacitated, let alone talk about it! However, having a discussion with the important people in your life when you still can, before you are in a crisis situation, beats the alternative. Ensure that everyone understands your wishes as related to health care decisions, why you made certain provisions in your estate planning documents and how you wish your affairs to be handled if you are unable to handle them yourself.

Not all roads to retirement are alike and events often occur that require adjustments to your plan. However, if you create a retirement plan in advance, select the right advisors to help you implement and oversee your plan and make adjustments as necessary, you will go a long way to helping yourself enjoy a successful and rewarding retirement.