

12-Step Checklist for Women Retiring in 2024

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By Angela Dorsey

Retirement for women can be so overwhelming. You are so close, the finish line is almost in sight. With 2023 underway, you have just 12 months left until you retire in 2024.

Emotionally, mentally, and physically, you are so ready to retire. But are you ready financially?

The first year or two of retirement can be challenging. Make sure you prepare ahead of time with this step-by-step checklist to follow in 2023, starting with your overall retirement plan.

1. Review or Create Your Retirement Plan

If you haven't done so already, now is the perfect time to review or create a retirement plan. This should include everything from exactly when you will retire to how you will spend your time. Take the time to think about what you want retirement to look like for you. Will you be retiring with a spouse? Do you want to work part-time, volunteer, or travel the world? The answer to these questions will inform the rest of the tasks on this list, so it's important to be both intentional and realistic about your plans.

2. Decide When to Claim Your Social Security Benefits

Deciding when to take Social Security benefits is one of the biggest questions you will have to answer in the year leading up to retirement. Depending on your age when you retire, you could be looking at reduced benefits (age 62), full benefits (age 67), or maximum benefits (age 70). If you decide to retire, but delay benefits until a later date, you will have to plan for an alternate income stream during that time.

Keep in mind that once you turn age 62, your benefit amount will be increased annually based on the cost-of-living adjustment. This adjustment occurs even if you don't claim your benefits until a later age.

If both you and your spouse worked and contributed to the Social Security system, then you have two benefit amounts to consider. There are strategies that married couples can use to make the most of their benefits by taking one benefit early and delaying another until age 70.

3. Create a Realistic Retirement Budget

Once you've assessed your Social Security benefits and decided when to claim, it's important to take a look at all other sources of retirement income and create a realistic budget. With your newfound free time, it can be easy to overspend without realizing it. But since your income is fixed, a realistic budget that you can hold yourself accountable to is one of the best things you can do in the months leading up to the big day. Overspending, even for a short period, can shave years off the longevity of your assets.

The budget doesn't need to be perfect, but it should be something you can honestly stick to. Try tracking your expenses for a couple of months to get an idea of what you spend currently. Once you have all your costs outlined, consider if there are areas where you can cut back or items that will increase in retirement.

4. Consider Saving More

If you are earning more income in the year leading up to retirement and you don't necessarily need it for daily expenses, consider contributing more to a tax-advantaged retirement account like a traditional or Roth IRA, or a 401(k) or 403(b). These accounts have increased contribution limits for taxpayers over the age of 50 and contributing more can be an effective way to boost your nest egg while reducing your taxable income just before retirement.

5. Determine Your Withdrawal Strategy

Many retirees mistakenly assume that how and when they withdraw from their retirement accounts doesn't matter as long as they have a sizable amount saved. They also falsely believe that they will always be in a lower tax bracket in retirement. This can result in inefficient withdrawals that increase your tax liability unnecessarily and greatly reduce the longevity of your portfolio. The timing of withdrawals makes all the difference and it's a key component in safeguarding your retirement nest egg.

For example, a \$50,000 withdrawal from a Roth IRA will have a wildly different tax impact than that same distribution from a traditional IRA. If you blindly take your money and run, you could trig-

ger an avalanche of higher Social Security taxes, investment surtax, capital gains taxes, and even higher Medicare premiums, which will eat away at the funds that were supposed to carry you through retirement. Creating a tax-efficient withdrawal plan before retirement can help you strategically withdraw from your various retirement accounts and minimize your tax liability.

6. Review Your Life Insurance Needs

Many employers offer group and supplemental life insurance policies as part of a benefit package for employees. These are great during your working years, but they often expire at retirement, and retirees who only have group insurance may be left unprotected. Whether you have a mortgage and want to make sure your family is covered, or you want to provide an inheritance, be sure to review your life insurance needs, as well as any existing policies you have in place. If it makes sense, consider extending your employer's coverage or look for a private insurance policy.

7. Take Advantage of Employer Healthcare Benefits

Another important step to take before retiring is to utilize any healthcare benefits offered by your employer. Maintaining good physical and mental health is a key component to a happy and fulfilling retirement. Make sure you are up to date on your physicals, check-ups, and prescriptions before retiring, especially if you have already met your deductible for the year.

If you have an FSA, consider spending down the account, and if you have an HSA, consider paying for expenses out of pocket to keep the funds growing tax-deferred.

8. Review Your Medicare Options

Once you turn 65, you will be able to enroll in Medicare. Depending on your age at retirement, be sure to mark your calendar for this important milestone. If there is a gap between when you're retiring and your Medicare eligibility, you will have to find alternative coverage through the Health Insurance Marketplace, COBRA, private insurers, employer retiree insurance, or your spouse's employer coverage. These options can vary dramatically in cost and level of coverage, so be sure to plan ahead.

9. Evaluate Your Long-Term Care Needs

Long-term care is a woman's issue. It's estimated that 70% of today's 65-year-olds will need long-term care services at some point in the future. Without proper planning, these costs can quickly spiral out of control. The year before retirement is the perfect time to assess your needs and consider long-term care insurance to supplement what you can afford to spend out of pocket.

Consider family health history as well as your own lifestyle, health needs, and projected life expectancy when thinking about long-term care. As difficult as it can be to think about, planning ahead is the best way to safeguard your savings as you head into retirement.

10. Evaluate Your Housing Needs

If you haven't already, take stock of your current housing and if it will still make sense in retirement. Are you an empty nester in a five-bedroom house? Have you always wanted to relocate? Do you have a mortgage? Would you easily be able to age-in-place or would significant accessibility modifications be required? These are all questions to ask yourself in the year leading up to retirement. Since housing is one of the largest ongoing expenses you'll have during your golden years, it's important to thoroughly consider your options.

11. Review Your Estate Plan

Now that you're gearing up to retire, take the time to review your estate plan and make sure everything is in order. You should have basic estate planning documents like a will, durable power of attorney, and healthcare power of attorney to ensure that your wishes are clearly communicated and a trusted individual can act on your behalf if something were to happen. If your estate is more complex and you will have significant assets to leave behind, consider utilizing trusts in your estate plan.

12. Partner With a Professional

After decades of working, you know it's time to retire. But do you feel prepared? Whether you're already a client or need to partner with a trusted financial professional, I'm here to help you get where you want to go. Schedule a free introductory 30-minute phone call or email me.

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