

Preparing for retirement is not something that is done in a day. It is taking the initiative that will help you enjoy your years of hard work. Highball Advisors is providing this checklist to assist in identifying some of the issues that will confront you during preparation for retirement.

PLANNING FOR RETIREMENT

Lifestyle

- Understand how you will spend your time in retirement

While you don't need a definitive schedule for your time, it is good exercise to think about what your day looks like in retirement. Another good exercise is to make a bucket list of experiences you would like to try in retirement.

- Do you want to work part-time in retirement?

Understand the impact on your railroad retirement annuity by taking up employment, i.e. earnings limitations, reductions in benefits, etc..

- Where will you live in short and long terms?

The cost of maintenance on a larger than necessary house can impact a retirement portfolio. Property taxes are another area to consider in retirement.

- In retirement how much will your lifestyle cost?

A general guideline is 80% of your current monthly expenses. However it depends upon what you plan on doing in retirement, i.e. travel, etc..

- Set a retirement date for you and your spouse

Sadly, sometimes you can't retire when you would like. Set a date and do the math and see if it works. Don't get discouraged.

Investments

- Organize all of your retirement savings

Get a working list of all your retirement accounts, 401ks, IRAs, etc

- Identify all non-traditional assets (rental income, houses, artwork, etc..)

Properly valuing these assets is important to understand your current situation. Update your risk tolerance and rebalance your assets

- Plan to pay off your debt

Understand the implications of retiring with debt, and have a plan to pay it off

- Build an emergency fund

A safe and separate of readily accessible funds of 6 to 9 months is recommended for the unforeseen situations.

Healthcare

- Understand your health insurance plan if you are retiring before age 65
Medicare isn't available until 65. Research your bridge options until Medicare becomes accessible.
- Determine all applicable health benefits that may be available to you
Your company may offer health benefits for retirees. Military veterans can access the VA for health coverage.
- Determine if you need vision or dental coverage
Unforeseen medical and dental expenses can put a dent in your retirement budget. Plan for coverage.
- Review Medicare option and choose appropriate plan to cover any gaps (Medicare Part C, Medigap, and drug coverage)
There will be no bigger expense in retirement than medical costs. Spend extra time making sure you have the right coverage to fit your situation.
- Budget Health insurance premium payments and out of pocket costs
Expect yearly increases in these costs. Medical inflation rises at almost 5% a year.

Protection

- Assess potential impact of long-term care expenses
The reality is that 50% of individuals will need long term care before they pass. There are many ways to plan for it depending upon your situation.
- Determine need for income protection
Have a plan in place for income for your surviving spouse or if you have a special needs child
- Develop a legacy plan
You have worked hard in your life. Discuss with your spouse what you want to do with your assets after you pass.
- Update all accounts with correct titling and beneficiary information to ensure proper transfer
Very important to have in place to avoid probate. It's easy to do now to avoid headaches in the future.
- Establish appropriate legal documents to protect your estate
Make sure you have a will in place that is detailed, i.e executor, list of assets, etc.

Income

- Optimizing your Railroad Retirement Annuity
Understand the most advantageous time to take your annuity
- Determine amount of available pension income
Discuss with your plan provider the pension income payments post retirement

- Review all retirement plans
Research plan payout options. Understand your 401k withdrawal options
- Develop a tax efficient income strategy for you assets
You will most likely be spending down you assets in retirement. Develop a plan to use your portfolio in a tax efficient manner.
- Income plan
*Understand all of your income sources in retirement and make sure it is in sync with your retirement lifestyle budget.
Research other income options in retirement if necessary.*

RETIREMENT ACTION PLAN

90 days before your retirement

- Contact the Railroad Retirement Board at 877-772-5772 to verify eligibility and benefits. The RRB accepts applications up to three months in advance of an annuity start date. Remember to apply for Medicare coverage if you are 65 years or older.

30-90 days before your retirement date

- Let your supervisor know that you plan to retire
- Contact your health plan provider to learn about retiree medical healthcare options if you aren't eligible for Medicare. If no plan is available asks about COBRA.
- Contact the Group Life Insurance provider to verify your beneficiary or convert life insurance under Company Plan to a personal policy.

0-30 days before your retirement date

- Contact your 401k Plan provider for information regarding your distribution options. You will not be able to take distribution until after your retirement date.
- Return all company property to relevant supervisor.

Finally and most importantly, relax and enjoy retirement you've earned it!!!

IMPORTANT: Don't be shy about getting help

- Think about whether you're comfortable making upcoming decisions on your own. Do you want to spend the time maintaining and updating your plan as circumstances, investments and regulations inevitably change?

OR

- Consider partnering with Highball Advisors, who will develop a customized plan that's based on your goals and financial situation, and then guide and coach you throughout the years.