

THE ROAD TO RETIREMENT

Your Guide to a Secure and Confident Retirement Journey

CREATING YOUR RETIREMENT PAYCHECK

SOCIAL SECURITY CLAIMING STRATEGIES

- Benefits are based on earnings history and age at claiming
- Delaying benefits until age 70 increases payments, and spousal benefits can maximize total payouts for couples
- Life expectancy, financial needs, and marital status are critical factors in deciding when to claim

COORDINATING RETIREMENT PLANS & BENEFITS

- Consider healthcare coverage, especially if retiring before Medicare eligibility at age 65
- Optimize retirement contributions (ex. 457, Roth 457) and leverage new SECURE 2.0 Act provisions for higher catch-up contributions starting in 2025
- Set up tax-efficient withdrawals and transition from saving to using your money in retirement

CUSTOMIZING PERA AND TAX STRATEGIES

- PERA survivor benefits allow income continuity for loved ones but may reduce your starting benefit
- Tax withholding is required for PERA income; plan accordingly for federal and state taxes
- Roth IRA conversions offer tax-free retirement income and no required minimum distributions but are taxable at the time of conversion

UNDERSTANDING REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

- Starting at age 73 (or 75 for those born in 1960 or later), the IRS requires annual withdrawals from traditional retirement accounts (457, 401(k), IRAs) to ensure funds are taxed
- Coordinate RMDs with other income to manage taxes and avoid penalties for missed withdrawals (up to 25%). Consider Roth IRA conversions or Qualified Charitable Distributions (QCDs) to minimize taxable income
- Align RMDs with your retirement paycheck to maintain cash flow, meet spending needs, and stay tax-efficient

AVOIDING POTHOLES IN YOUR RETIREMENT JOURNEY

UNDERSTANDING AND MITIGATING KEY RETIREMENT RISKS

- Retirement risks like market volatility, longevity, and inflation can threaten your retirement income
- Diversification, retaining some stocks for growth, and strategies like Roth conversions for Long-Term Care Insurance help address these risks
- Work with a financial advisor to build a plan tailored to your needs, ensuring a smoother retirement journey

UNIQUE MINNESOTA PUBLIC EMPLOYEE BENEFITS

- Your PERA Pension and Social Security provide income you can't outlive, insulating you from market risk
- Special benefits like the Hennepin County Medica Plan and Medicare options (Parts A, B, C, and D) can help manage healthcare costs in retirement
- These benefits are critical to stabilizing your finances and addressing risks like longevity and health costs

PLANNING FOR THE UNEXPECTED

- Taxes, sequence of returns risk, and estate planning can significantly impact your financial security
- Prepare for potential tax law changes by exploring Roth conversions, tax analyses, and legacy planning tools like wills and trusts
- Remember, failing to plan for these risks can derail even the best retirement strategy

10 ESSENTIALS FOR YOUR RETIREMENT JOURNEY

IMPORTANCE OF ESTATE PLANNING

- Why it Matters: Estate planning ensures your wishes are honored, minimizes family disputes, and avoids probate complications
- Real Impact: Without a plan, families may face unnecessary legal battles and strained relationships

KEY ELEMENTS TO FOCUS ON

- Update Regularly: Life changes like marriage, divorce, or new financial situations may require revisions to your estate plan
- Will vs. Trust: A will decides who inherits, while a trust allows you to control how assets are distributed – having both provides flexibility and clarity
- Power of Attorney and Healthcare Directives: Protect your interests by assigning someone to handle legal, financial, and medical decisions if incapacitated

PRACTICAL STEPS TO GET STARTED

- Choose an Executor: Select someone responsible and trustworthy, not necessarily a family member
- Name Beneficiaries: Ensure accounts have the correct beneficiaries to avoid probate – review and update regularly!
- Communicate Your Plan: Share key details with a trusted person to ensure your wishes are understood and executed effectively

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WANT TO RETIRE IN THE NEXT 3 YEARS? WE SHOULD TALK.
SET UP A TIME [HERE](#).

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