



Getting ready to retire!

This workbook will help you take actionable steps toward a more secure retirement and provide you with important facts and information you'll need as you continue to plan for a rewarding future.

What lifestyle do I want—and how much will it cost?

Envision your lifestyle

In the spaces below, write some notes about the kind of lifestyle you want in retirement.

How will you spend your time and who will you spend it with?

Will you continue to work?

Where will you live? Will you sell or buy a home?

✓ Things to consider

- Career goals
- Entertainment/friends
- Family time
- Leisure activities
- Mental fitness
- Physical fitness
- Travel
- Volunteer work

Maximize your current savings

Roll other savings into your plan—consolidating your assets makes it easier to:

- **Track your savings**—with just one statement, one website, and one toll-free number to call
- **Diversify your investments**—it's easier to maintain proper balance when you can see how your investments work together
- **Manage your retirement money**—a single source lets you tailor your income strategy

Plan your budget

Now's the time to get a handle on what your retirement expenses may be. Consider, too, which expenses will be "must-haves" and which may be "nice-to-haves." Then estimate how much each one may cost you. Keep in mind that some of your expenses may fall into both categories, as in the example below.

Expense Category	"Must-Haves" (estimated annual cost)	"Nice-to-Haves" (estimated annual cost)
For Example: Clothing	\$ <u>2,000</u>	\$ <u>5,000</u>
• Food	\$ _____	\$ _____
• Housing: e.g., mortgage or rent	\$ _____	\$ _____
• Utilities: e.g., electricity, gas, oil, phone, cable and Internet	\$ _____	\$ _____
• Clothing	\$ _____	\$ _____
• Transportation: e.g., car payments, gas and repairs	\$ _____	\$ _____
• Child care, eldercare	\$ _____	\$ _____
• Medical bills: e.g., co-pays and insurance	\$ _____	\$ _____
• Pets: e.g., care, vet, supplies, etc.	\$ _____	\$ _____
• Travel	\$ _____	\$ _____
• Entertainment: e.g., dining out, theatre, parties, etc.	\$ _____	\$ _____
• Memberships: e.g., clubs and subscriptions	\$ _____	\$ _____
• Charitable donations: e.g., church, alma maters, community, etc.	\$ _____	\$ _____
• Other expenses	\$ _____	\$ _____
Total	\$ _____	\$ _____

What may my healthcare expenses be?

Review the healthcare coverage you'll have in retirement

Starting at age 65, you're likely to be covered by Medicare. But even then, Medicare may not cover all your healthcare expenses. Take a minute now to consider how you'll cover the gap.

Individual healthcare insurance

_____ \$ _____
Insurer Annual Premium

_____ \$ _____
Insurer Annual Premium

Supplemental healthcare insurance

_____ \$ _____
Insurer Annual Premium

_____ \$ _____
Insurer Annual Premium

Long-term care insurance

_____ \$ _____
Insurer Annual Premium

_____ \$ _____
Insurer Annual Premium

✓ Things to consider

- Medicare might not cover as much of your healthcare expenses as you originally thought.
- You will need to use an ever-increasing amount of your retirement income to cover healthcare costs once you are retired.

Where will my income come from?

Evaluate your own income sources (taxable)

Annual pension from current and past employers	\$ _____
Annual Social Security benefit, depending on when you can retire	\$ _____
Annual payments from any annuities you own	\$ _____
A. Total annual income	\$ _____

Inventory your own potential income sources

I. Taxable Sources

Current Value

<input type="checkbox"/> Bonds	\$ _____
<input type="checkbox"/> Part-time income	\$ _____
<input type="checkbox"/> Real estate	\$ _____
<input type="checkbox"/> Savings/CDs	\$ _____
<input type="checkbox"/> Stocks	\$ _____

B. Total Taxable sources

\$ _____

II. Tax-Deferred Sources

Current Value

<input type="checkbox"/> 401(k), 403(b), 457	\$ _____
<input type="checkbox"/> Annuity	\$ _____
<input type="checkbox"/> Traditional IRA	\$ _____

C. Total from Tax-Deferred sources

\$ _____

III. Tax-Free Sources

Current Value

<input type="checkbox"/> Life insurance (cash value)	\$ _____
<input type="checkbox"/> Roth IRA ¹	\$ _____
<input type="checkbox"/> Municipal bonds ²	\$ _____

D. Total from Tax-Free sources

\$ _____

Grand Total (A+B+C+D) \$ _____

Inventory your future resources

- **Social Security:** To get an estimate of your personal income benefit from Social Security when you retire, go to: www.ssa.gov.

- **Pensions:** If you have a pension, call your benefits manager for a pension estimate.

- **Savings:** Stocks, bonds, life insurance, real estate, IRAs, annuities, part-time wages, and other sources of income.

- Some sources suggest it may be preferable to spend principal from after-tax savings first, and then draw down proceeds from an IRA or company-sponsored plan.

¹ Qualified distributions are federally tax-free, provided the Roth account has been open for at least five years and the owner has reached age 59½ or meets other requirements. Qualified Roth IRA distributions may be subject to state and local income tax.

² Certain investors' income may be subject to the federal Alternative Minimum Tax (AMT), and state and local taxes may also apply.

How can I save more for retirement?

Save more in your retirement plan

Use the space here to jot down how much more you may be able to afford.

	% of Salary	Dollar Amount
<i>Current contribution</i>	_____	\$ _____
<i>Increased contribution</i>	_____	\$ _____

Supplement your savings with an IRA

Are you contributing as much as you can to your retirement plan?
Is your spouse not covered by a retirement plan? Then consider supplementing your retirement savings by contributing to a Traditional or Roth IRA.

	Traditional IRA	Roth IRA
Who can contribute?	Anyone of any age who earns some income	Those under age 70½ whose income doesn't exceed \$167,000 (\$105,000 for single filers)
Are contributions taxed?	Yes, unless you meet certain income limits	Yes
Are earnings taxed?	No, which may help your money grow faster	No, which may help your money grow faster
Are withdrawals taxed?	Yes, at ordinary income tax rates	No, as long as certain conditions are met ³

³ If five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, death, disability or qualified first-time home purchase.

✓ Things to consider

If you're age 50+, you may be able to save more!

- Current legislation affecting qualified retirement savings programs may allow you to make additional "catch-up" contributions to your account.
- Catch-up contributions can change annually. To get the most updated information please log on to www.ssa.gov.

How can I help protect my future income?

Balance your investment/income strategies

Investment strategy

Need to consider how much you hope to earn each year on your remaining savings and investments—without investing either too conservatively or too aggressively.

Withdrawal strategy

Need to balance this against how much you hope to withdraw from your remaining assets each year—so that you don't withdraw too much, too fast.

Income protection

✓ Things to consider

Investment Strategy. Since your retirement will likely last 30 years or more, you may want to keep some of your money invested more aggressively, since these types of investments have historically provided the best opportunities for growth. Please remember, past performance is no guarantee of future results.

Withdrawal Strategy. Many experts suggest no more than a 4% withdrawal rate.

Tailor your own retirement income plan now based on:

- **Anticipated expenses**, for both what you need—and what you want
- **Likely sources of income**, including guaranteed sources like Social Security and pensions
- **Current savings**—and ability to save more
- **The number of years** you have until you retire
- **The right balance** of security, income and growth opportunities for you

Earmark your taxable income sources to cover your “must-have” expenses

Annual Income from Taxable Sources
(refer back to “Where will my income come from” section) \$ _____

Annual “Must-Have” Expenses
(refer back to “Plan your budget” section) – \$ _____

Annual Income Deficiency
(gap) = \$ _____

Explore your income options

Look for strategies that give you the right combination of guarantees, growth and control.

- Take systematic withdrawals
- Invest in a mix of interest-paying accounts
- Consider your home equity
- Convert savings into guaranteed income

