



Gearing Up for a New Beginning — Retirement

People who are getting ready to wrap up their careers and leave the working world often refer to retirement as "a new chapter" or "the next act" in their lives - and rightly so. As a pre-retiree, you may have even used those analogies yourself.

But do you also realize that it's possible to play a leading role in determining how your retirement story will unfold?

An Outline for Success

You can start by plotting out exactly which options, resources and strategies you'll need to take advantage of in the near future. For example, ask yourself the following questions:

"When exactly will I retire?" Have you pinpointed your target retirement age yet? Even a couple of years can make a big difference in your personal savings and the amount of Social Security income you'll receive. For example, depending on your year of birth, you may not be eligible for full Social Security benefits until age 67. What's more, delaying Social Security benefits beyond that age may actually earn you "delayed retirement credits."

"Which accounts will I use and when?" These days, it's not uncommon for preretirees to hold retirement assets in several different types of accounts, such as employer-sponsored plans, IRAs, annuities and regular investment accounts. Therefore, you'll probably need to think about which accounts to tap first. Generally speaking, the longer your money can potentially compound in tax-advantaged accounts, the more you may be able to accumulate for retirement overall.

"How much will I need to withdraw?" There is no rule of thumb - such as withdrawing 5% of your balance annually - that fits everyone. Instead, you need to identify your specific cost of living requirements and plan accordingly. But consider this: If you were to withdraw 4% of a \$500,000 nest egg each year, it would take more than 40 years to deplete the account (assuming 3% inflation and 6% investment returns annually). But by withdrawing 8% each year, you'd deplete the account in only about 17 years.¹

So What's the Conclusion?

If you're among the millions of pre-retirees getting ready to turn the page to a new stage of life, the next step is to recalculate your retirement savings goal in order to confirm that you'll be able to address the priorities discussed above. After all, the planning you do now can have an enormous impact on your financial ability to live in financial security for the rest of your life

¹Hypothetical example for illustrative purposes only.