



Retirement Countdown Checklist

10, 9, ignition sequence start, 6, 5, 4, 3, 2, 1, zero. All engines running. Liftoff!
We have liftoff! Thirty-two minutes past the hour. Liftoff of Apollo 11!

—Jack King, NASA Chief of Public Information, July 16, 1969

There are tens of millions of people who, just like you, are counting down to retirement. Many of those people will make a complete mess of the process, while others will navigate the transition with considerable aplomb. I trust you want to be in the latter group, but your head might be swimming from all that needs to be done as you transition into retirement. This retirement countdown checklist will help. Use it as a reminder of what needs to be done and when you need to do it. By diligently completing each necessary task and avoiding the mistakes that ensnare so many, you can finish the bell lap, cross the finish line, and head confidently into what will surely be one of the most fulfilling and rewarding periods of your life.

Ten Years to Go

With ten or more years to go, you need to focus on making sure you're on track to accumulate the resources you need. Remember that retirement is more about your assets than your age, so you need to make sure your nest egg is up to the task.

- ▼ How much retirement costs will depend largely on the type of lifestyle you choose to live. What you plan to do and where you plan to live are the primary drivers of how much income you will need. If you are married, talk to your spouse about the types of things each of you want to do during retirement as well as whether you plan on staying put or moving somewhere new. Estimate the annual income needed to support your chosen lifestyle.
- ▼ After estimating your annual retirement income needs, determine the amount of assets needed to generate that income as well as whether or not you are on track to meet that goal. If you will have a shortfall, determine how much you need to save in order to bridge the gap.

- ▼ Based on how long it will take you to reach your savings goal, try to pinpoint the date where work will become optional.
- ▼ Begin contemplating whether you want to retire at the “work is optional” date or whether you want to continue working, move to part-time, or change to a career where the compensation is a secondary consideration.
- ▼ Meet with your adviser annually to review your plans. Pay close attention to your investment performance, progress toward your goal, and your asset allocation.
- ▼ Review your liabilities and craft a plan to retire debt free.
- ▼ Take advantage of peak earning years by maximizing your contributions to retirement plans.

Five Years to Go

At this point, you’re coming to the end of your accumulation phase and you should see a pretty clear glide path between where you are and where you need to be. You (and your spouse) have likely contemplated retirement for several years and have already done some broad based planning. As your “Someday Window” approaches (“Someday I’m going to...”), it’s time to get more specific.

- ▼ Consider what health care options you will have in retirement. If you plan on retiring before becoming eligible for Medicare, make sure you have coverage to bridge that gap.
- ▼ Talk with your spouse and a trusted adviser about long-term care insurance. If you plan on getting a policy, don’t delay. The premiums will likely move higher as you age.
- ▼ Revisit some of the planning you did with ten years to go and bring those plans into sharper focus. If your plans involve certain activities, use your free time to do them. If your plans involve moving to a new area, begin using your vacation time to visit that area during different times of the year. Try to get involved in the community (e.g. church or country club) and meet new people. If you will be buying a home there, meet with a realtor and begin looking at housing options. Have the realtor send you automatic email updates of listings that meet your criteria.
- ▼ If you plan on moving to a different state when you retire, meet with your accountant to discuss the tax consequences. The tax burden varies greatly from state-to-state. Some of the biggies to consider are state sales taxes, personal income taxes, retirement income taxes, property taxes, fuel taxes, and inheritance or estate taxes. Take a moment to reflect on how you will derive most of your income during retirement, what you will spend that money on, and what type of residence you will have. See how tax friendly the state you are considering will be to your intended lifestyle.
- ▼ With only five years to go, you should meet with your adviser and determine if you need to reduce investment risk or revise your asset allocation.

- ▼ Review your progress on debt reduction. Make any adjustments necessary to retire debt free.
- ▼ Review Social Security benefits for both you and your spouse. Meet with a trusted adviser as well a representative at your local Social Security office to evaluate potential retirement options and how best to maximize benefits.
- ▼ The regrets of our youth are typically based on something we've done, while regrets later in life revolve around things we've failed to do. Start making a "life list" of everything you want to do, see, or accomplish before it's too late.

Two Years to Go

As you edge toward retirement your focus shifts from strategy to tactics. Continue refining your plans and working through details.

- ▼ If you're moving to a different state, meet with your attorney to make sure that your will, trust, and powers of attorney will be valid in your new state of residence. Make revisions as necessary.
- ▼ With the details of your retirement coming into focus, you should have a good idea of what your income and expenses will be. Create a budget using that information and make sure that your income and expenses will be in alignment. Practice living on that income for several months to make sure it is realistic.
- ▼ Meet with your financial adviser and, using your budget, craft a distribution plan. Be sure to consider withdrawal rates, tax consequences, and inflation, among other things. Consider setting aside three to five years of your needed retirement income in a low risk account in case of adverse market conditions when you retire.
- ▼ Meet with the employee benefits department at your work to discuss employer provided retirement benefits (e.g. health care or pension) as well as anything you will need to do to claim those benefits.

One Year to Go

- ▼ Retirement is just around the corner. Evaluate your circumstances to see if there have been any changes that will alter your expected retirement date. This could include anything from a desire to work longer to a change in circumstances (e.g. market conditions, tax rates, or the health of you or your spouse). Make adjustments as necessary or, if none, continue the process of winding down your work phase and ramping up your someday window.
- ▼ If you are moving and are financially able, consider buying a house in your intended destination a year or so ahead of time. This will not only give you a place to stay when you visit, but will allow you time to begin setting up the house. Each time you visit, bring things from the old house with you. This will help de-clutter the old house, allowing it to show better when you sell it and begin to make the new house feel like home.

- ▼ Check with your previous employers about any benefits accumulated at your old jobs (e.g. pension benefits or health benefits).
- ▼ Take care of any health care issues prior to transitioning into your retirement health plan (e.g. dental work or operations).

Six Months to Go

- ▼ Meet with your financial adviser and, if necessary, set up an account to receive the rollover of your employer sponsored retirement plan. Also, consolidate as many accounts as possible in order to reduce fees, simplify your distribution strategy, and make your investments easier to monitor.
- ▼ Make any final changes to your retirement budget.
- ▼ Finalize your distribution strategy. Based on market conditions and current tax rates, decide which of your accounts to tap first. Depending on tax rates, it might make more sense to draw your income from taxable accounts first in order to allow tax-deferred or tax-free accounts to continue growing.
- ▼ If you're selling your current house and moving somewhere else, have a realtor perform a market analysis for you to give you an idea of the likely sale price. Begin fixing up or changing anything in your current place that would turn off potential buyers. Simplify by selling or giving away things that you don't want to pack up and take with you.
- ▼ Notify your employer of your intended retirement date. This will give him or her time to find your replacement and will give you time to file any paperwork with the employee benefits department in order to claim benefits. If your pension or other benefits are based on years of service, check to see if staying until your employment anniversary month will provide a boost.

Three Months to Go

- ▼ Apply for Social Security benefits three months before you want to receive your first check.
- ▼ Depending on your age when you retire and whether or not you are collecting Social Security benefits, you may need to apply for Medicare. You can apply three months before you turn sixty-five. If you are retiring before you become eligible for Medicare, take whatever final steps are necessary to transition from your employer coverage to whatever coverage you will be using prior to or in conjunction with Medicare.
- ▼ Contact the appropriate people to activate distributions from your investment accounts. Tell them the date you want the distributions to begin and sign any paperwork necessary to establish automatic sales of your assets and subsequent distributions to your checking account.
- ▼ Consolidate as many accounts as possible and automate as many financial tasks as possible (e.g. electronic bill pay, income distributions, or Social Security payments).

- ▼ Make final payments on debt.
- ▼ Finish your bell lap and enter retirement knowing you've done everything possible to prepare.

During Retirement

- ▼ Periodically review (usually annually) your investment performance, investment risk, budget, insurance, and asset allocation. Make changes as necessary. Pay close attention to the sustainability of your withdrawal rate. Have your adviser perform calculations to determine the probability that your portfolio will last. If market losses, inflation, or some other factor have increased your likelihood of running out of money, make adjustments to your lifestyle and/or distribution rates.
- ▼ When you reach age 70 1/2 meet with your adviser to determine if you have to begin taking required minimum distributions from any of your retirement accounts.
- ▼ Periodically review beneficiary designations to make sure they are up to date.
- ▼ Review your estate plan whenever you have a major life change (e.g. marital status, death in family, health change, or acquisition of property) or at least every few years.
- ▼ Monitor your health. At some point, the desire to live close to the beach may give way to the desire to be close to a good medical facility. As you age, investigate assisted living or continuing care retirement communities in your area.
- ▼ At some point you (or your spouse) will likely need assistance performing routine daily activities. That could mean selling your current house and moving into one of the facilities you investigated in the previous step. You might also want to move to a different state in order to be closer to family if your kids will be involved in your care. Ideally you should do as much of this planning as possible while you are still healthy.
- ▼ Make sure your legal, financial, and insurance affairs are in order.
- ▼ Be intentional and enjoy the adventure!

...the powerful play goes on, and you will contribute a verse.

—Walt Whitman, *O Me! O Life!*

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