5 THINGS TO KNOW BEFORE YOU RETIRE

After years of chasing career goals, raising kids, paying off debt and simply just living your life, it can be overwhelming to think about retirement. Most people only plan on retiring once, meaning you have one chance to get it right. As you begin to tackle the idea of leaving the working world behind and entering the next phase of your life, you may have questions. That's okay! Putting a plan together before you retire can help you feel more prepared as you transition out of your working years. Here are five things to think about before you retire.

SOCIAL SECURITY IS JUST ONE PIECE OF THE PUZZLE

When it comes to your retirement income plan, Social Security is the backbone. After years of paying into Social Security, it's exciting to know that now is the time it will pay off as retirement income. As the basics of your retirement income plan come together, understanding your Social Security benefits is a great place to start.

- **Complete a Social Security Analysis** - Pre-retirees are often surprised to learn that they have up to 81 different options when it comes to electing benefits. While preparing for retirement, you might even have an idea of when to start collecting your Social Security. But, how do you know what option is the best for you? One way to get a clear idea of all your Social Security options is to know the amount you could receive at every age of election. Understanding all your options is the best way to make sure you aren't leaving money on the table.

- **Consider Your Retirement Cash Flow** - While you may receive a higher monthly benefit if you elect Social Security at age 70, your overall retirement portfolio may last longer if you elect your benefits earlier. If you are forced into retirement or looking to retire early, electing at an earlier age can provide a steady stream of retirement income. It is also important to analyze Social Security benefits in conjunction with your other streams of retirement income such as a pension or investment income. Avoid retirement assumptions and customize your election to meet your income needs.

- **Marital Benefits** - To add to the complexity, legislation can change the way you qualify for certain benefits, such as spousal or widow benefits. How do you keep everything straight? An analysis can help you evaluate your Social Security options based on your age and marital status.

Social Security was never meant to be your only source of retirement income. Careful analysis and advanced planning can help you get the most out of your Social Security benefits. A customized retirement plan will show you how this income stream can work together with the other elements of your portfolio to help you meet your goals in retirement.

A COMPREHENSIVE TAX PLAN CAN MEAN LESS TAXES AND MORE INCOME

One of the best ways to position yourself for retirement is tax diversification. This takes more than just filing your taxes before April 15th. It can include a multi-year plan that incorporates all sources of retirement income and strategies to use those sources in a tax efficient way. There are also steps you can take while you are still working to position yourself for more spendable income in retirement. After all, freedom in retirement boils down to the money in your pocket that ultimately enables you to pursue the things you love.

- **Diversify Your Accounts** - Having a tax-diversified portfolio expands your options when it comes time to take income from your accounts. A healthy combination of a pre-tax IRA, a tax-free Roth IRA and an after-tax brokerage account can set you up for more tax advantageous income in retirement.

- **Consider Roth Conversions** - Standard contribution limits apply to Roth IRAs on an annual basis. However, one way to largely increase your tax diversification is to complete a Roth conversion. Converting money in pre-tax accounts to a tax-free Roth IRA can lessen the blow at age 70.5 when it comes time to take your Required Minimum Distributions. These conversions can be complex and need to be delicately handled by a financial planner and tax professional.

- **Create a Relationship with a CPA** - Retirees are often surprised to learn how filing taxes in retirement can change, compared to filing during working years with W-2s. Having a trusted tax professional on your team can help you understand these changes so you can accurately file taxes in retirement.

We understand that tax planning can be complex and confusing. But when done right, a comprehensive tax plan can give you the ability to keep more of your hard-earned dollars. Thinking ahead and making the most of your unique tax situation can have a lasting impact in retirement.

NO PLAN FOR LONG-TERM CARE IS THE WORST PLAN FOR LONG-TERM CARE

Thinking about your final years of life and where you'll spend them can be difficult, especially as the excitement of retiring approaches. However, procrastinating on your Long-Term Care plan can have a substantial impact on your retirement down the road.

- **A Long-Term Care Policy isn't Necessarily the Best Option** - Depending on the plan, Long-Term Care premiums can likely jump to extreme prices later in retirement. Having your policy reviewed by a retirement planner can help you determine if that policy is a cost-effective strategy for you.

- **Consider Supplemental Options** - Even if you don't have a Long-Term Care policy, you can still have a plan for Long-Term Care! Certain insurance products can help you mitigate the risk of Long-Term Care with special riders that offer additional payments for care services once you qualify.

- **Know your Senior Living Options** - There is more to senior living than nursing homes. In the past decade, more options for senior care have been developed than ever before. Senior villages, memory care units, assisted living and senior cooperatives are additional options for retirees. This gives you the ability to customize your care needs according to your lifestyle, care concerns and financial picture.

No one knows exactly what their living needs will be in 20 or 30 years, but that doesn't mean you shouldn't talk about the options now. Your retirement plan should include a way to fund senior care. A retirement planner can help you navigate those decisions and help you identify what works for you and your financial picture.

RETIREMENT IS THE PERFECT TIME TO GET SERIOUS ABOUT LEGACY

During your accumulation years, it can be natural to put your legacy plan on the back burner. Gearing up for retirement is a perfect opportunity to identify how you want your legacy to be passed on.

- **Update Your Current Legacy Plan** - Throughout your life, you may have considered what would happen to your assets should something happen to you. Often, this means putting a Will in place or purchasing life insurance, especially when kids become part of the equation. As your life evolves, your legacy goals should evolve as well. Updating your Will to reflect your current beneficiaries or re-evaluating your life insurance plan can make it easier on your loved ones after you're gone.

- **Place Beneficiaries on your Retirement Accounts** - Families are often surprised to learn that the easiest and most efficient way to transfer funds to loved ones is simply by titling your accounts correctly. Naming your spouse, children, grandchildren or charities as the primary and contingent beneficiaries on your accounts can ensure the funds are directly transferred to them in the event of your passing, all while avoiding the probate process.

- **Explore Trust Options** - Controlling the way in which your legacy is passed can be easily accomplished with the help of a trust. If you have specific goals on how and when you wish your beneficiaries to receive their inheritance, then a trust could be beneficial in accomplishing those goals. Because there are a variety of trusts to choose from, working with both a retirement planner and an attorney can help you identify which one is right for you and how to implement it into your overall retirement plan.

A legacy plan in retirement can take many different avenues and no two people will have the same plan. The key is to put these measures in place before it is too late. Advanced planning can make the difference in a legacy that lasts for generations.

DON'T LET UNCERTAIN MARKET CONDITIONS DERAIL YOUR RETIREMENT

Two things are certain about the stock market: it will go up and it will go down. A great way to prepare for retirement is to know how your investment portfolio will react should the stock market see a serious correction. Making informed investment decisions based on your risk tolerance is crucial as you enter those pre-retirement years.

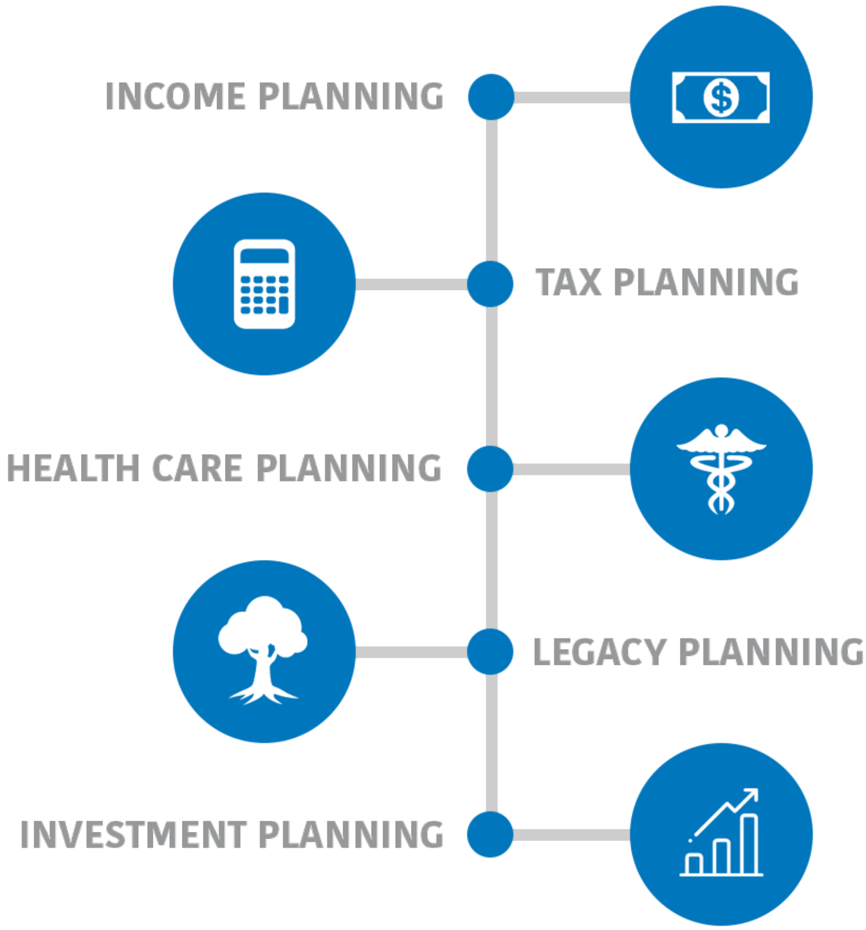
- **Assign a Real Number to your Risk** - When it comes to your portfolio in retirement, what is the most you feel comfortable losing? Is it $100,000? $200,000? Maybe you don't feel comfortable losing anything at all? Putting a real number on your risk tolerance can help you make more informed investment decisions and adjustments depending on market conditions.

- **Big Losses Can Mean Less Income** - As you get closer and closer to retirement, you have less time to make up any big losses in your investment portfolio. In retirement, the name of the game is income and when your portfolio sees a loss, that ultimately means less income for you. Market volatility doesn't have to be your worst enemy. Structuring your portfolio in low-volatility investments can minimize the big swings and keep you on track.

- **Do You Know What You Own?** - How do you make smart investment decisions when you don't know what investments you own? In short, you don't. Investment transparency in retirement is the only way you can identify what investments are working and what are not. Many popular investment vehicles, such as mutual funds, simply do not provide the investor with the ability to know what they own. Transitioning to individual positions and ETFs in retirement can help you make smarter, more effective investment decisions.

It may seem unusual but having a retirement income plan is the first step to making good investment decisions in retirement. We let the income plan drive the investment decisions we make for the families we work with to ensure that both work hand in hand for their retirement goals. As with all aspects of retirement, investment decisions should never be made independently of your other retirement plans, but rather in conjunction with all other elements to create a cohesive plan that can evolve with your needs.

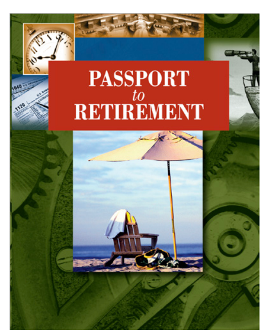
THE MERKLE RETIREMENT METHOD



Transitioning into retirement can be overwhelming and we understand. That's why we have mastered our Merkle Retirement Method, a comprehensive formula to help you create a retirement plan based on your goals and dreams. Our Method can help you understand where you are now and help get you to where you want to be.

READY TO GET STARTED?

Check out our YouTube channel to catch up on all the latest episodes of ***Retiring Today with Loren Merkle***.



Want to learn more? Attend our Passport to Retirement class! Visit our website at **PassportClass.com** to find a class near you!

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