



# A 5-Year Countdown to Retirement

Five years before they retire, older workers start focusing seriously on the big changes ahead, says Emily Guy Birkin, in her book, *The 5 Years Before You Retire: Retirement Planning When You Need It the Most*.

In those last few years, you can get a lot done. Here is a countdown of some of the tasks needed to prepare for retirement.



## FIVE YEARS TO GO...

**Estimate**—Consider your health and family history to estimate your lifespan and to determine how long your retirement funds need to last.

**Calculate**—Add up your monthly retirement income (without windfalls or inheritances) from:

- Pensions (including any cost-of-living adjustment)
- Social Security (estimate benefits by going to the Social Security Administration website: [www.ssa.gov](http://www.ssa.gov))
- Other income—a rental property or part-time job, for instance
- Assets you'll sell, such as real estate or a business
- Income from retirement accounts
- Annuities, municipal bond dividends and interest

**Build up**—Collect every penny of an employer's 401(k) match; in addition, consider increasing your retirement savings by at least one percent.

**Anticipate**—Use online retirement calculators to see if your savings and income will last for your projected lifespan; take inflation into account.

**Insure**—Consider disability insurance if the inability to work could upend your plans.



## FOUR YEARS TO GO...

**Budget**—Itemize an entire year's spending to create your retirement budget. Include out-of-pocket medical costs, long-term care, taxes and inflation.

**Pay down**—Retire all debt possible, including mortgages, vehicles, credit card balances and other loans.

**Plan**—Think about downsizing. If you're going to stay put for now, research fallback options for the future.

**Insure**—Price long-term care insurance and weigh pros and cons. If someone depends on your income, consider purchasing life insurance.

**Consult**—Talk to your financial advisor for help on running your numbers on sophisticated planning software, spot planning gaps and refine your investment strategy.



## THREE YEARS TO GO...

**Catch up**—Complete postponed home-maintenance tasks. If possible, get ahead of anticipated repairs and replacements.

**Decide**—Contact the Social Security Administration to learn about taking benefits earlier rather than later, and choose when you'll claim your benefits.

**Study**—Learn all you can about converting savings to an income stream; and plan how you'll withdraw your funds, including how to meet required minimum distributions.

**Supplement**—If money will be tight, find a second source of income. For example, take in a boarder or start a business on the side.

**Assess**—Decide the bare minimum you need for a comfortable retirement. Can you fill any income gaps or should you adopt a longer horizon?

## TWO YEARS TO GO...

**Test**—Live on your retirement budget to see where it needs adjusting.

**Plan**—Write a will and consider establishing a trust. File healthcare directives and appoint a legal power of attorney.

**Disconnect**—Tell adult children, lovingly, that they're on their own financially.

**Regroup**—If you can't afford to retire, then don't, says Birken. Run your worst-case scenario with a financial planner and work longer, if possible. Delay collecting Social Security and cut spending to the bone.

## ONE YEAR TO GO...

**Decide**—Contact the Social Security Administration to learn about taking benefits earlier rather than later, and choose when you'll claim your benefits.

**Roll over**—Plan whether and where to roll over workplace savings when you retire.

**Replace**—Buy new vehicles to replace older ones.

**Sign up**—Research Medicare and supplemental medical plans and enroll in Medicare three months before your 65th birthday.

**Consult**—Seek professional help before withdrawing income from your retirement portfolio.

**Don't delay. For help planning for your retirement, contact your [financial advisor](#) today.**

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MKT-0130-0814\_B2\_A04 LPL Tracking #1-278931