

Planning for Retirement – Asking the Right Questions

Personal Questions to Ask by Life Stage

Introduction

With the shift to more personal responsibility for retirement planning, individuals are faced with a complex and often bewildering set of issues to deal with. In the long run, financial planning should balance savings and investment management with overall risk management. Often, the risk management part is forgotten or takes a back seat as retirement planning is viewed purely as a savings and investment matter. And, for a successful retirement, financial planning needs to work hand in hand with matters related to how and where one plans to live and with managing one's health.

This material provides a list of questions, categorized by life stage. It can be viewed like a checklist of things to think about. There are many questions and most people will need to set some personal priorities.

- If you have no assets yet, getting started with saving is probably priority one. Investing assets only becomes important once you have assets.
- If you have a lot of debt, managing it and getting rid of it ought to be a priority.
- For people with jobs that provide good health benefits, life insurance, and disability insurance, setting up a personal risk management program will be a priority as retirement nears.

This material is mostly about financial planning, but it also includes some questions about life planning, housing and health.

The purpose of this material is to help the reader answer the following questions: Am I asking the right questions? Is my advisor addressing the right issues?



Questions that apply at all ages

- How much do I need to save?
- How do I invest my money?
- What do I do to maintain my health?
- How can my employee benefits enhance my retirement planning?
- If I am married or considering marriage, how do I make planning work for my spouse as well?
- If I get divorced what is the right way to handle benefits and what do I need to think about?
- What risk management program do I need?
- How do I manage my debt and avoid getting into too much debt?
- How long term should I be thinking?
- How do I budget effectively?
- What do I need to do to keep track of my assets and liabilities?
- What advisors and advice do I need?
- Do I understand the tax issues that affect me, and do I have a strategy to be tax-smart?
- Are desirable legal documents (such as a will and health care power of attorney) in place and up-to-date?

Questions that apply early in a career

- When do I need to start saving?
- How much should I save?
- How do I effectively take advantage of employee benefit plans? What is a 401(k) (or 403(b)) plan, and how should it be used?
- What should I think about with regard to pensions when I take or leave a job?
- Should I set up an IRA?
- Should credit card debt be repaid before I start saving for retirement?



Questions that apply mid-career

- How do I effectively take advantage of employee benefit plans?
- What should I think about with regard to pensions when I take or leave a job?
- When should I look at long-term care insurance, and should I buy it?
- Where do I stand with respect to having enough money to retire, and at what age can I afford to retire?
- Do I have adequate protection in case I become disabled or a family member needs help?

Questions that apply from age 50 to time of retirement

- When would I like to retire and/or start to phase down?
- Have I defined my retirement dreams?
- Do I have a plan for meeting my retirement dreams?
- Do I know where I want to live, and do I have a plan for making that happen?
- Do I want to work in retirement, and if so, what should I be doing to create options and opportunities?
- Where do I stand with respect to having enough money to retire, and at what age can I afford to retire?
- Do I need to increase my savings?
- Do I have adequate protection in case I become disabled or a family member needs help?
- What risks will I need to be concerned about in retirement, and how do I get a risk management program in place?
- Do I expect to relocate at retirement?
- When do I plan to claim Social Security?
- Do I have a back-up plan if my job is phased out before I am ready to retire?



Questions that apply at time of retirement

- What methods of payment will I choose from employer provided pension benefits?
- How will employer provided defined contribution funds be paid to me?
- Can I roll over amounts paid to an IRA?
- What about any nonqualified plans?
- Do I have plan for addressing post-retirement risks?
- Some people will live to age 100. Have I considered that possibility, and will my plan work if I live to a very high age?
- Should I plan to annuitize some of my money? How much and how? How do I decide what the right amount is?
- Is my spouse protected in the event of my death?
- Do I have health coverage in retirement? If not, how can I get it?
- Is my spending level aligned with my lifetime financial resources?
- If I want to work as part of my retirement, do I have a strategy for getting a job?

Questions that apply soon after retirement (the go-go years)

- What should I do to meet my retirement dreams?
- Have I decided what is most important in my life?
- Have I reviewed my investment strategy in light of the emerging time horizons?
- If I need to use some of my savings to live on, what account should I withdraw from first? How do I determine how much I can safely withdraw? Have I considered my cash flow needs in setting my asset mix?
- Do I have a plan for addressing post-retirement risks?
- Is my risk protection program working, and does it need fine-tuning?
- Am I meeting my goals with regard to working, and do they need fine-tuning?
- What is working well for me, and what is not?
- Do I want to relocate?
- How are my assets progressing from period to period?
- What measures have I taken to be sure that I will not outlive my assets?
- What provisions are in place to pay for unexpected medical costs and for long-term care costs?
- Is my spouse provided for?
- Have I claimed Social Security or determined when I plan to claim it, or how I plan to evaluate the decision?
- Should I move into a CCRC? If so, which one?
- Should I take out a reverse mortgage?

Questions that apply in the middle years of retirement (slow-go)

- Do I have advisors or family members in place to help me manage my money and provide daily assistance should I need it?
- Do I need to move or will I need to move? Have I evaluated the options available, their cost and my preferences so that I can choose where I want to go? Have I considered issues such as access to friends, family, transportation, and activities?
- If I managed my own money previously, do I have a transition plan that will move the management to someone else when I can no longer manage?
- Does that person understand and know my wishes?