

Financial checklist: Preparing for retirement

You probably have several financial goals you're working toward, and retirement is likely one of them. Preparing for retirement is like a cross-country journey. Initially it might seem like a long distance to cover, but every journey starts the same way – with the first step. The key to a successful journey is having a strategy. Use this checklist to help develop a strategy with your financial advisor that can help you reach your goals.

PLAN FOR THE EXPECTED

The process begins with a clear understanding of your goals. We can then determine the right strategy to help you retire the way you desire.

Review your current financial situation

- ☐ Outline where you are today – including your income, expenses, assets and debt – to provide a starting point.
- ☐ Complete an expense worksheet, which can help illustrate flexibility to increase savings and what expenses might continue into retirement.

Outline your vision for retirement

- ☐ Define your vision of retirement, including when you plan to retire and your spending goals.
- ☐ Include other goals, such as paying for a child's education; discuss trade-offs and prioritize goals.

Determine how much you'll need

- ☐ How much you need to retire is determined by how much income you'll need from your portfolio in retirement. If retirement is a long way off, your financial advisor may use your current lifestyle as a guide for your spending goals, adjusting them for inflation, to determine how much you'll need. As you approach retirement, your spending goals and income needs will come into better focus.

- ☐ Three key variables can affect your strategy's success:

- Time (how long you invest)
- Money (how much you invest)
- Return (the return on your investments)

- ☐ Stress-test your strategy using different values for each of these to determine flexibility and any adjustments you may need to make. Even small changes can be beneficial over the long term.
- ☐ If you're behind in meeting your goal, focus on what you can control. Be aggressive with saving, not the risk you're taking. Review options and trade-offs, such as delaying retirement and using catch-up provisions.

Don't forget:

- ☐ Time is often your biggest asset early on – don't waste it.
- ☐ Take full advantage of an employer match, if available.
- ☐ Take advantage of investing in tax-deferred and tax-free accounts.
- ☐ Spend smart, strive to eliminate high-interest debt and make savings a priority in your budget.

PREPARE FOR THE UNEXPECTED

No one can say what the future holds, and there's no way to prepare for everything that could happen. However, you may be able to make a few proactive decisions to help ensure you have flexibility if the unexpected happens.

- ☐ Create an emergency cash reserve of approximately six months' worth of living expenses.
- ☐ Discuss strategies to address major risks, such as loss of income due to job loss or premature death, market declines, inflation or unexpected health care costs.
- ☐ Determine insurance needs, including life and health insurance, and make sure all insurance, beneficiary and legal documents are up-to-date.

POSITION YOUR PORTFOLIO FOR THE EXPECTED AND THE UNEXPECTED

After you've determined your vision for retirement and how much you may need to save, as well as accounted for the "what ifs" life may throw your way, you can make better-informed decisions on how to invest your money.

Determine how to invest your money

- ☐ Complete the Risk Tolerance Questionnaire with the help of your financial advisor.
- ☐ Understand the different types of risk and the amount of market risk necessary to achieve your long-term goals.

- ☐ Understand your comfort level with risk, so you can better stick to your strategy during the inevitable bumps along the way.
- ☐ While each investor's situation is different, we believe a good strategy is to generally allocate your investments toward growth early in your savings years, transitioning to more of a balanced allocation between stocks and bonds as you approach retirement.

Develop a review and rebalancing strategy

- ☐ Schedule an appointment at least annually or after a major life event.

We'll review the following to determine if any adjustments need to be made:

- ☐ Any life events or changes to your retirement goals
- ☐ Your investment mix to help ensure it aligns with your goals and tolerance for risk
- ☐ Actual investment performance relative to expectations
- ☐ Insurance and beneficiary designations

You should also work with your legal professional to make sure your legal documents are up-to-date.



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