DID YOU KNOW?

# 3 SIMPLE FACTS ABOUT RETIREMENT PLANNING

**A retirement plan is as individual as you are. Read this article to understand lesser known aspects of retirement planning.**

Everyone knows that saving for your retirement is an essential part of securing a stronger financial future. But even if you have a 401(k) or an IRA, there are some key aspects of retirement planning that may not be common knowledge.

## FACT: 1

**Beneficiaries named on your retirement accounts override your will.**

To avoid unnecessary problems for your estate and beneficiaries, use the tips below to make sure your beneficiary designations are always up to date.

- Always designate a contingent beneficiary.
- Update your beneficiary designations after life events such as the death of a primary or contingent beneficiary, after you marry or divorce, after the birth or adoption of children.
- For plans or states that require it, complete a spousal consent form if you name a beneficiary other than your spouse. This is something to consider if you remarry and have children from a previous marriage named as beneficiaries.
- Consult an estate attorney before naming an estate as beneficiary. There may be significant disadvantages to naming an estate as a retirement plan beneficiary.

# FACT: 2

**You need at least 70 percent of your pre-retirement income during retirement.**

To maintain a comfortable lifestyle in retirement, you'll need anywhere from 70 – 90 percent of your pre-retirement income. This income can come from multiple sources such as your retirement plan, investments, or part-time work.

Not everyone is ready to stop working at "normal retirement age." Some people plan to continue working so they can stay active, pursue new interests, continue to earn a full-time income, or simply make some extra money. However, if you have to work just to make ends meet once you reach retirement age, it could be a problem. Here are some things to consider when reviewing your retirement goals:

### YOUR CURRENT LIFESTYLE

Do you want to maintain your current lifestyle, or will you be comfortable cutting back?

### HEALTHCARE COSTS

Do you currently have any health issues or are there things that run in your family to consider?

### LOCATION

Where will you live when you retire? Cost of living plays a big role for an affordable retirement.

### INHERITANCE

Do you want to pass on an inheritance to your loved ones?

# FACT: 3

**You should rebalance your retirement portfolio annually.**

What is rebalancing? Rebalancing is the process of readjusting your asset allocations to meet your retirement goals. When you rebalance your retirement accounts, it should not be motivated by past market performance. Rebalancing is about aligning your current allocations with your investment objectives going forward.

Market fluctuation is inevitable, and rebalancing can get your portfolio back in sync when this happens.

You should rebalance your portfolio at least annually if not more often the closer you are to retirement. Mark it on your calendar as a New Year's resolution, or to review when you meet with your financial advisor. The good news is, if you are in a Target Date fund, you are automatically rebalanced. Target Date Funds are structured to maximize returns by a specific target date. Generally they are structured to build returns early on by focusing on riskier growth stocks and balancing out to retain those returns by focusing on more conservative investments as the target date approaches.

**Wherever you are on your retirement journey, it's important to familiarize yourself with key terms and aspects of your retirement plan. The decisions you make today will have a lasting impact on your future financial security. Make a plan to review your plan annually or when you experience important life milestones.**