

Tips for Being Retirement Ready

Retirement can feel like a long way off, but life seems to move faster than we would like. This momentous achievement will be here before you realize. Being retirement ready includes being both financially and emotionally prepared. Below are tips for becoming retirement ready:

5 Plus Years to Retirement

- **Pay yourself first by saving for retirement.** The general rule is to save 15% of your gross income toward retirement. This amount includes employer contributions. For example: If your employer contributes 3%, your elective contribution should be 12%. We will meet annually to review your financial plan and to verify that you are on track to retire. Depending on your circumstances, you may need to save more in retirement and non-retirement accounts.

2 to 4 Years to Retirement

- **Gather information.** Determine your expected Social Security income by visiting www.ssa.gov. If applicable, obtain an estimate of your expected pension income. These amounts will help establish the amount of your predictable retirement income. We will then calculate the annual income needed from your investments.
- **Create a budget.** What are your actual expenses? Tracking your expenses is essential to understanding how much income you will need in retirement. I recommend using an online budgeting software like YNAB. You can also review your bank statements that show your net income as “additions” and your expenses as “debits.”
- **Complete large projects and pay off debt.** Use your current income to complete large projects such as home improvements to help minimize significant expenses in retirement. Pay off debt to free up cash flow in retirement.

12 to 18 Months before Retirement

- **Develop a retirement spending plan.** At your annual review, we will review your Financial Plan and develop a comprehensive retirement spending plan. This plan will include deciding when to take Social Security, determining an appropriate risk for your investments, and establishing the amount you can spend in retirement without outliving your investments. I will work with your tax professional to develop the most tax-efficient way to take distributions.

- **Live financially as if you are already retired.** Live on your expected retirement income and use the remainder to maximize your retirement savings or to pay off debt. Increasing your emergency savings is also important. Emergency Savings is part of our Bear Market Plan. We may choose to stop distributions and use savings during a down market. Living below your means will make the transition into retirement much smoother.
- **Develop a vision.** Thinking ahead and developing an idea of how you see yourself in retirement will help you become emotionally prepared. For example, what do you like to do in your spare time, and how will that translate into retirement? Are you interested in giving back? Do you have skills you have not had an opportunity to explore due to time constraints, such as art? Do you have hobbies like fishing you hope to spend more time doing? Have you considered working part-time? One option is to transition to retirement slowly by switching to part-time work.
- **Decide when to retire.** We all strive for retirement on our own terms; I can help you decide when the ideal time is for you to retire.

Retired

- **Give yourself time to adjust.** Once you retire, be careful how often you say yes. Take time to fine-tune how to spend your time and how it aligns with your retirement vision. Many retirees often say they are busier than when they were working. Creating a routine can be helpful during this transition.
- **Schedule an annual review.** Continue to meet with me at least once a year to review your financial and retirement spending plan to ensure that you are still on track. Your plan is dynamic and will change as your life changes.

Being emotionally and financially prepared will create the quality retirement you have worked hard to achieve. Creating a sound Financial Plan will allow you the confidence to focus on enjoying retirement.

Kind regards,
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