

# 7 Things to Consider When Preparing for Retirement



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## Your retirement needs

People often forget that we are living longer, often into our 80s. Depending on when you retire, you could be looking at 30+ years in retirement.

## Estimating expenses

Even though your expenses during retirement average 70% of your working years, because of early retirements and active lifestyles, our expenses may be greater than 85% in the early years.

Retirement spending falls into three time periods: the active years (just after retiring), more passive years (as we age and slow down), and a period of our final years where health issues may be prevalent.

## How much you can withdraw from your nest egg

People often forget about the impact of inflation. A million dollars after 10 years of 3% inflation is worth about \$737,000, even before figuring taxes. For example, if your investments are making 7% and inflation is 3%, spending more than 4% of your savings could set you back.

## Long-term healthcare needs

Medicare doesn't cover everything. Things like prescription drugs, skilled nursing care, and long-term care are not covered. Consider long-term care insurance and a supplemental insurance plan to cover what Medicare doesn't.

## Saving in the years just before retirement

As you close in on retirement you have less time to build up your nest egg. So, don't miss out on savings opportunities. If possible, max out your contributions in tax-advantaged savings accounts like a 403(b) and IRA. Plus, consider catch-up provisions if you are 50 years of age or older to help top off your savings.

## Investment risk

It's important to understand your risk capacity when it comes to the investments in your portfolio. Some individuals invest as if they were still 20, and this opens them up to unnecessary volatility and risk. Investing for your situation while having a properly diversified portfolio can help alleviate undue risk when investing in retirement.

## The effects of taxes

Consider having a combination of before-tax and Roth (after-tax) retirement accounts. The Roth allows you to diversify your tax liability in retirement since most other sources of income (WRS and Social Security benefits) will be taxed as regular income. Roth savings may also be a good choice if you wish to pass along assets to your heirs.

## Sign up for a financial consultation:

1-800-279-4030

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