FINANCIAL PLANNING IN YOUR 50s

JNBA FINANCIAL ADVISORS

In your 50s, if you have been planning and preparing along the way, you can probably see your retirement on the horizon. At this stage there are important strategies to implement to help you cross that finish line. Use this guide to help you align your hard earned savings strategically for your upcoming transition.

FINANCIAL POSITION

- ☐ Continue to keep a budget in place and have an appropriate financial record system to track your income, expenses, assets, and liabilities.
- ☐ Evaluate short-term and long-term goals and rank them in order of importance.
- ☐ Ensure that you have a liquid emergency fund of 3 to 6 months of living expenses in a cash or cash equivalent type account.
- ☐ Keep your priorities in order. Your 50s tend to be a time with competing priorities including maximizing savings for retirement, paying for college, and possibly helping aging parents.
- ☐ Make a plan to pay off all debt prior to retirement.
- ☐ Monitor your credit. You can view a free credit report from each of the three credit bureaus once per year by visiting AnnualCreditReport.com. By doing so, you can fix errors quickly and ensure that an identity thief isn't getting hold of your personal information.

RETIREMENT SAVINGS

- ☐ Maximize contributions to your company retirement plan. Make sure you are contributing at least enough to get the full company match. Increase your 401(k) savings to reach the annual IRS limit. Those 50 and older can contribute $19,000 plus a $6,000 catch up for a maximum of $25,000 to a 401(k) or 403(b) in 2019.
- ☐ Once you maximize your company retirement plan contributions, review income to determine if you qualify for a Roth IRA, and if not, consider a non-deductible IRA contribution to save another $6,000 plus a $1,000 catch up (in 2019) for those 50 and older per year for retirement.
- ☐ If you haven't done so already, consider tax diversification with different account types. Funding a Roth IRA might be appropriate if you are under certain income limits and qualify to make a contribution. Money distributed from these types of accounts typically is not taxable when withdrawn in retirement. Once you are able to maximize these savings, consider saving in a taxable investment account to allow for another way to help control taxes in retirement. Funds from taxable investment accounts are only taxable to the extent there are capital gains or dividends paid on investments owned.
- ☐ If you don't have a financial plan to help you track your progress towards retirement, it is important to complete one. You still have time to significantly impact your retirement by saving aggressively during this time.

INVESTMENT MANAGEMENT

- ☐ If you have worked for several employers over the years, consider consolidating old retirement plans into an IRA rollover to make them easier to track and manage.
- ☐ Revisit your risk tolerance related to your investment portfolio. As you near retirement, make certain your investments are properly positioned and you are not taking too much risk given your situation. If you haven't completed a risk tolerance questionnaire recently, now is a good time to do so.
- ☐ Ensure your retirement plan investments and any other investments you own are properly diversified. Periodically rebalance your investments to ensure you maintain your chosen allocations.
- ☐ If you own company stock, consider diversifying out of it as you approach retirement, especially if it makes up a sizable percentage of your invested assets. In your 50s you don't have as much time to recover if the value goes south.

RISK MANAGEMENT

- ☐ Confirm you have proper medical coverage on you and your family. If you plan to stay with the same company until you retire, start to research if they provide retiree health coverage.
- ☐ Ensure you have enough life insurance to cover your family's needs if something were to happen to you unexpectedly. Once you have saved enough to meet your retirement needs, life insurance may no longer be necessary.
- ☐ Have both short-term and long-term disability coverage in place while you are still working.
- ☐ Look into purchasing long-term care insurance. If you can fit the premiums into your budget, now can be an ideal time to purchase coverage, especially if you haven't had any major health issues.
- ☐ Complete an annual review with your property and casualty insurance agent.
- ☐ Ensure you have an umbrella (excess liability) policy in place. You should have a coverage amount in place that covers your net worth.

ESTATE PLANNING

- ☐ Ensure you have an executed Will, Power of Attorney, and Health Care Directive in place. Review your documents every five years to confirm they still reflect your current desires and update them if needed. Your 50s is a time when your children might be grown, grandchildren are now in the picture, and documents need to be updated.
- ☐ Confirm all beneficiary designations are up-to-date and reflect your current wishes. This includes but is not limited to life insurance policies, company retirement plans, IRAs, etc.

TAX PLANNING

- ☐ Contribute to your employer retirement plan not only to save for retirement but also to decrease your federal taxable income.
- ☐ Keep accurate records to ensure you are taking all allowable deductions.
- ☐ Maximize contributions to a Health Savings Account if you have one. You do not pay federal income tax on contributions and you can build up a balance for potential health care expenses during retirement.