FINANCIAL PLANNING IN YOUR 60s

JNBA FINANCIAL ADVISORS

While you are still working in your 60s, you are probably in the mindset for an upcoming retirement. As you prepare for this transition, this could be the decade of some of the biggest financial moves in your lifetime. Use this guide to help keep all of the moving parts on the same trajectory.

FINANCIAL POSITION

- ☐ Continue to keep a budget in place and have an appropriate financial record system to track your income, expenses, assets, and liabilities.
- ☐ Figure out what your monthly income needs will be when you retire.
- ☐ Ensure that you have a liquid emergency fund of 3 to 6 months of living expenses in a cash or cash equivalent type account.
- ☐ Make a plan to pay off all debt prior to retirement.
- ☐ If you still have a mortgage, review current rates to see if there are refinancing opportunities.
- ☐ 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 while you are still working. Make sure you are contributing at least enough to get the full company match. Increase your 401(k) savings to reach the IRS limit. Those age 50 and older can contribute $19,000 plus a $6,000 catch up for a maximum of $25,000 in 2019 to a 401(k) or 403(b).
- ☐ 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 Money distributed from these types of accounts generally is not taxable when withdrawn in retirement.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.
- ☐ Have a financial plan prepared to determine if you are able to retire or need to work longer to sustain your desired retirement lifestyle.
- ☐ Consider that life expectancy today can reach into your 90s. You will need to have enough assets when you retire to potentially last 30+ years.

PLEASE NOTE: JNBA in not an insurance agent, attorney, nor accountant. No portion of the above should be construed as insurance, legal, or accounting advice. All insurance, legal, and accounting issues should be addressed with the insurance, legal, and accounting professionals of your choosing. JNBA is not an agent of the Federal Trade Commission nor any affiliation with any of the three major credit bureaus. All credit related matters must be independently verified by required authority. JNBA is neither an agent of The Centers for Medicare & Medicaid Services, nor an insurance agent. All claiming strategies and benefits must be verified and accepted by The Centers for Medicare & Medicaid Services, no portion of the above should be construed as insurance advice. All insurance issues should be addressed with the insurance professional of your choosing.

INVESTMENT MANAGEMENT

- ☐ If you have worked for several employers over the years, consider consolidating old retirement plans in 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.
- ☐ Once you have reached your 60s, your nest egg has been saved. Consider working with a financial advisor to ensure your investments are soundly invested and your emotions don't get the best of you during market swings.

RISK MANAGEMENT

- ☐ Research if your employer has retiree medical coverage and understand the coverage options.
- ☐ Be prepared to sign up for Medicare Part A during the 7-month period that begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after the month you turn 65. There is no cost to Medicare Part A, and you can enroll online at www.ssa.gov or by calling 1-800-772-1213.
- ☐ Enroll in Medicare Part B when you're first eligible (typically at the same time you sign up for Part A unless you have creditable coverage in place and are still working). If you don't sign up for Part B when you're first eligible, you may have to pay a late enrollment penalty of 10% for each year you could have enrolled but did not for as long as you have Medicare. In 2019, the cost for Part B starts at $135.50/month.
- ☐ Research and choose Medicare Part D coverage (Prescription Drug Plan) and a Medicare Supplement based on your individual situation.
- ☐ If you still have life insurance in place, review your situation to determine if you still need coverage. 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. Note that disability coverage typically only pays out until you reach age 65.
- ☐ Look into purchasing long-term care insurance if you haven't already. 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 coverage on any "toys" you own including a boat, ATV, and other recreational vehicles.
- ☐ Ensure you have an umbrella (excess liability) policy in place. You should have a coverage amount 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. If you haven't updated your estate planning documents for a period of time, it is important to update them to include any changes to the laws that may have taken place in prior years.
- ☐ Understand how your state of residence taxes estates. Many states mirror the federal estate tax exemption; however, some states (like Minnesota) have an estate tax exemption of much less than the federal exemption. Minnesota's estate tax exemption is $2.7million in 2019. If your estate is above this amount, it is important to talk to a qualified estate planning attorney regarding ownership of assets if you are married.
- ☐ If you move to another state in retirement or have a second home in another state, make sure the properties are appropriately dealt with in your estate plan to avoid probate in multiple states when you pass away.
- ☐ 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

- ☐ Continue to contribute to your employer retirement plan until you retire.
- ☐ 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.
- ☐ If you retire prior to age 70½, review your taxable income and tax bracket annually to determine if there is an opportunity to take accelerated IRA distributions or do a Roth conversion while you are in a lower tax bracket. Once you reach 70½ and are required to take required minimum distributions (RMDs), there is typically less of an opportunity.