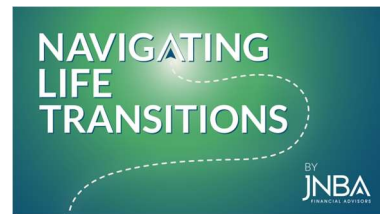


Podcast Transcript: How do I know I'm Ready to Retire?



Kim Insley:

Hi everyone. I'm Kim Insley and thank you for joining us for Navigating Life Transitions, a podcast where we bring together advisors, experienced in financial life planning to talk about ways to navigate life's biggest challenges and changes, opportunities and decisions. We cover milestones, everything from a growing family to losing a loved one, promotions to retirement, marriage to divorce, anything that could benefit from the guidance that a financial advisory team can provide. So today we're asking the all important question, how do I know if I'm ready to retire? And joining me for this discussion are three advisors from JNBA Financial Advisors, serving clients in Minnesota, Florida, and throughout the United States: Elise Huston, Stephanie Rossi, and Noel Silker, who will help individuals navigate this decision and change on a daily basis. This is their job, and our focus today is on navigating change as you head toward retirement. So, Elise, I'm going to start with you. First of all, what is it about helping people plan for their retirement goals that gets you really excited because this is a conversation you have daily?

Elise Huston:

Yeah, it really is, and I would say so for most JNBA team members, likely the reason they got into this industry is due to the fact that they enjoyed numbers. Maybe they were good at finance, it was something that felt natural to them. But the thing that I would highlight now is that the most important part, or the thing that truly gets us out of bed every day is that ability to really help people, the desire to genuinely be a resource for them and hopefully make their life better. So as a fiduciary, when we give you advice, it's because we really believe it is in your best interest. And the goal at the end of the day is for us to be able to help our clients or the families we work with, live out their goals, align resources to what's important to them, and navigate all the changes in life that come their way.

Kim Insley:

Because it's a lot. So Noel, when you have clients walk in, what makes you excited about that retirement conversation that you might have with them?

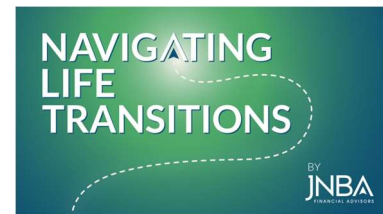
Noel Silker:

Yeah, yeah. Probably the aspect of the job that I enjoy the most is that we're really, at the end of the day, just building relationships with people. And through the work, we're empowering them to make meaningful decisions on their lives and putting themselves on a path where they're going to be able to realize their aspirations and goals and being along for that journey. It's really fun and it's great to just be along for the ride.

Kim Insley:

And it is a long journey, right, Stephanie? I mean, this is. This is not someone who just comes in at age 60. Sometimes it is, right, but sometimes it's a 30-year old who is planning over decades.

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Stephanie Rossi:

Exactly. And I have to say that's probably one of the most rewarding things that we get to do. I've been in the business a long time, over 30 years, so I've had the opportunity to really work with a lot of these people from early on until they get to that retirement goal. And it's just so fun to see them so excited about actually reaching it and being able to enjoy their lives. For sure.

Kim Insley:

I actually love the whole personal finance thing. I read up on it, I get excited about it. I get weirded out when somebody says, you need 5 million to retire. You need 2 million to retire. You need a million. I don't know what that number is. So there are a lot of things to consider when you retire. So Elise, I'll start with you again with this question. Is there a number or is it something that's a spectrum? How do you look at that?

Elise Huston:

Yeah, great question. And you're right, we get asked this a lot. It's the idea of how am I doing compared to others who look like me?

Kim Insley:

Exactly.

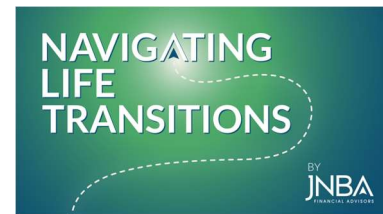
Elise Huston:

How am I positioned for retirement compared to my peers? And really it is personal. It's based on what you want to achieve in retirement, how you want your resources to be, the money you've accumulated. Maybe you want to leave a legacy later, maybe you want to do more traveling and gifting during your retirement years than your neighbor. So there really isn't a specific number, but there is a lot of planning we can do with you to identify are you on track and are you ready? And what financial considerations should we take now and really review to make sure that you are set up for success to navigate this change? Because it is probably the biggest one you're going to experience. It's that change of traditional work life to your new normal. Maybe you're doing some board work, maybe you're just traveling and you want to be completely done. So there is a lot of things that we will discuss with the individuals and families we work with to make sure that they feel comfortable navigating this change.

Kim Insley:

So Stephanie, it's not, and it's not just, okay, I want to travel. That's going to be a big bucks thing versus I already have my cabin on the lake and I just want to hang out there and read books. Once you get past the numbers, there are a lot of steps you need to take to make sure that those numbers work for you. So can you take us through some of those?

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Stephanie Rossi:

Yeah, absolutely. So I think the most important thing is for us to really know the client and what their goals are. After we have that information and knowing what type of retirement they want to see, we can back up through those numbers to help them really come up with their cash flow, their monthly income, things like that. We can even plan extra for trips or big items that might be out there as well.

Kim Insley:

And I just think the paperwork, Noel, like insurance considerations. I have no idea how to even begin to tap a 401k, that kind of stuff. So how do you work with clients with that?

Noel Silker:

Yeah. Well, there's a lot to talk about there, but I'll maybe...

Kim Insley:

Oh, did I open up a big subject there?

Noel Silker:

I'll start at a high level. So I mean, as Elise...

Kim Insley:

Could've asked you about taxes right off the top.

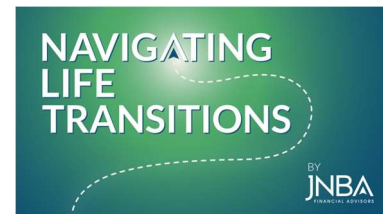
Noel Silker:

Well, I think as Elise said, along with retirement, there's a lot of change going on. And with that, there's actually a lot of opportunities too. So whether it's tax or insurance, I mean, it's a great time to reevaluate what kind of insurance do I have? Do I still need this? Maybe your mortgage is paid off. Maybe the kids are off and doing their own thing. Maybe it's not a necessity to have a life insurance policy covering that kind of goal any longer. I think when you look at other types of insurance, like long-term care, really, that's the sweet spot for evaluating if you need it, what type you should have, things of that nature. And then on a similar note, if you're planning on retiring early, ensuring that you have health insurance coverage before Medicare kicks in is incredibly important because we know it's one of the main reasons why people end up working to the age of 65 is just given the expense of private insurance during those years.

Kim Insley:

It's huge, absolutely huge. And then you have couples who may turn 65 at different points, obviously on the time spectrum. And then the other thing, when do you take social security? That's a huge question. And it's almost like rolling the dice, right?

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Elise Huston:

Again, that is a great example of where we can run the numbers to show you exactly when. If you think you might live past your eighties based on family history, this is the most optimal timeframe to claim social security. But that's another case where it might come down a little bit to personal preference. And at the end of the day, our goal is to share what we think is in your best interest, what's the most optimal solution. But we understand too, that if starting social security a few years earlier, maybe not delaying till 70 and starting at your full retirement age helps you to feel more comfortable and confident in retirement, and you're not really giving up all that much in a long-term benefit, then that's something that we will discuss and explore. It has to be the right fit for that person. And then on, as long as they understand the potential financial impact as well.

Kim Insley:

Which can be pretty big. I mean, it's not a small amount between age 62 and age 70.

Stephanie Rossi:

So it's a huge difference between age 62 and age 70. Once you reach full retirement age, you also get about an 8% increase between, say if your full retirement age is 67, that would be ours. So there's about an 8% increase even between age 67 and age 70. So it can make a huge difference because you really have to look at social security. That's, I mean, it's a fixed income that's coming in. If you're not relying on that, you might have pension income or portfolio income. And so we try to help people kind of navigate that. Maybe we want to spend the portfolio earlier on, and then we want to wait, have them wait until age 70 to take social security just to maybe just to build those numbers up a little bit.

Kim Insley:

And you bring up a good point too, because it's not just a silver platter, here's your plan, static. It changes as you age.

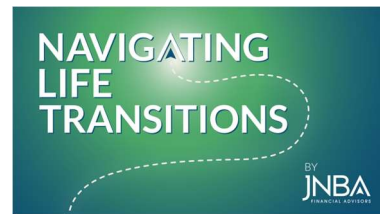
Stephanie Rossi:

It changes. Yes, absolutely. And we're constantly looking at those financial plans to the retirement projections that we run for clients. We automatically run every couple years, every three years, unless there's a big event and they want to see something, something different. But it is, it's a work in process for sure.

Elise Huston:

And especially those few years before retirement and then immediately following it is a topic of conversation every time, because we have the pleasure of watching individuals retire all the time, and we get to see them successfully navigate it and start to live this new life in retirement before that individual. It's their first time, and there's oftentimes a lot more concern or questions or potentially even anxiety around just, am I ready? Which is a lot of the role that we play is helping them to feel comfortable with that.

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Kim Insley:

And it's not all about the finances. So Noel, there's the money side, and then there's actually getting your brain wrapped around this idea that you're not the doctor anymore. You're not the CEO anymore, you're not the executive assistant anymore, you're retired.

Noel Silker:

Yeah. Actually, it might surprise a few people, but there's a huge emotional component in a lot of these financial decisions, and especially when it comes to retirement, given the uncertainty that's wrapped up in that. I think there are folks that have a very defined retirement plan, and they have a vision of what they want their future to entail. But for most people it is, as Stephanie said, it's a work in progress. It's something that they have to put a lot of thought and effort into, especially so if the retirement decision wasn't necessarily in their full control, whether they have to step away to care for a family member or they get let go from a job, or maybe it's like health injury or illness that ends up causing it.

There's a lot of uncertainty and at times anxiety wrapped up into that retirement question. I think you'd be surprised too, just the variability in how people end up defining retirement. You have people where it's the typical, I'm going to spend three months of the year down in a warmer part of the country or the world, but other people define it more in terms of being a part of the community, volunteering, spending time with their families. So it really changes depending on who you talk to.

Kim Insley:

Yeah, I'm sure the clients that you've dealt with, they run the gamut, right?

Noel Silker:

Yeah, absolutely. In Minnesota, a very common one is retiring to the cabin that they've recently renovated. But it really changes when you're looking at, I mean, somebody might sell all their possessions and buy a nice boat and be cruising around the Caribbean, or they might be planning a trip of a lifetime, whether that's in South America or Antarctica or what have you. So again, it really changes depending on who you're talking to.

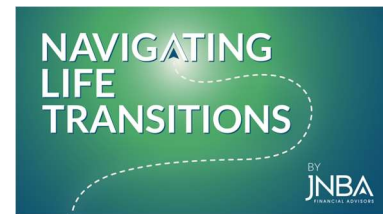
Kim Insley:

And again, those all have financial implications. So that's actually part of what you do at JNBA.

Elise Huston:

Our goal is to help couples or individuals really think through and try to visualize what this next phase of their life could entail before they get there. That is a lot of the work, the five to 10 years before we think they want to retire, if they've identified, I want to be done by 65, then in preparation for that, a lot of our conversations are about trying to visualize and picture yourself on the other side of 65. How do you plan to fill your day? What would bring you a lot of joy? What quality of life is something different to each person and that is really truly to where the financial component comes in, because maybe it is just taking one retirement trip and inviting

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your kids and grandkids. Maybe it's ongoing trips, maybe it is a second home or downsizing your home.

There's so many different ways to live out that retirement dream so identifying what it is for you that's going to bring joy and purpose and meaning. I think that that's the most important part, because then we can better say whether or not your financial resources are aligned with those goals. What adjustments or tweaks should we make? Could you even do that sooner based on what you've shared with us? You actually have the financial means to realize that dream sooner. That's also a really fun conversation to get to have with individuals is getting them there as quickly as possible too.

Kim Insley:

Yeah, because I'm sure you have, so personally, I have been taught save, save, save, save. So switching your mind over to spending that nest egg is a hard one. But I know that you've seen things with clients go south where they just wanted to hang on to everything. They ended up not enjoying something and then something tragic happens and there's no opportunity to enjoy that retirement.

Noel Silker:

Yeah. I've had a few cases where the people I worked with were incredible savers. I don't know if they spent a penny during their working years, but unfortunately just after they finally made the decision to retire, for whatever reason, ended up passing away shortly after. And something we always like to bring up with clients is it's a balancing act. So you can't just live for the future and live for retirement. You have to live a little bit in the moment.

Kim Insley:

Live now.

Noel Silker:

Yeah. So it's a little bit of spend some money now and save for the future simultaneously, which can be a hard dynamic to master.

Kim Insley:

But your job is to get them, pull them through that dynamic. Right?

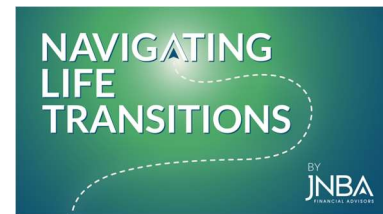
Stephanie Rossi:

Exactly.

Kim Insley:

Make sure they don't run out. What else, as we kind of wrap things up here, would your advice be to people, and I'll go round-robin here, starting with you, Stephanie. What should people be thinking about as they approach retirement?

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Stephanie Rossi:

So I think number one is they need to make sure they plan ahead. A lot of people just kind of get to that retirement spot where they've saved, they've done everything that they're supposed to do, but they don't know how it all calculates out. What's their retirement going to look like? So I think number one, it's very important to plan ahead. It's very important to work with a professional. If they don't feel that they're able to do it on their own, definitely work with a professional to help them kind of navigate that whole scenario. And then I think the other thing that I just wanted to point out, which was something that we talked about earlier, the ideal retirement is different for everybody. And I would just encourage people to really spend some time, and not just with themselves, but with their spouse as well, and talk about what that ideal retirement really looks like for them.

Elise Huston:

I agree. The more you do this, you realize there is no rule of thumb necessarily. It really is unique, person to person. I really believe though, the true success comes from taking the time to really visualize your future, put thought and energy into how you want to spend your days, you know what your identity is going to be. I think that that is probably the hardest part is letting go of yourself, as you mentioned before, CEO of XYZ company, and really understanding who do you want to be? If you had had time, maybe time was not a flexible resource to you before. You had busy days, you had a busy working life, well, now that you have more time, how do you want to spend that time? And then we can do the role of really figuring out how do we grow your resources, align your assets to make sure that you can do all those things. But really thinking through, again, if time wasn't a factor, who do I want to be and how do I want to make an impact and spend my days?

Kim Insley:

So Noel, anything to add to that as we close out here?

Noel Silker:

Yeah, I think those were some really good points. And just to add, I'd say for a lot of people, these topics can be incredibly intimidating if you don't deal with them on a regular basis, such as we do. And I would just suggest don't try to do everything at once. As we talked about earlier, it is a work in progress. So take things in baby steps and try to allow the emotional or the more tangible aspect of it, lead the conversation. Really think about what it is you want to do, and then work with somebody like ourselves to help you back into what the numbers are and what those financial decisions are.

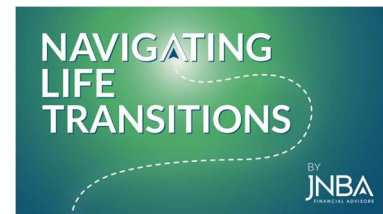
Kim Insley:

Let someone else take a little bit of the load off for you, right?

Noel Silker:

Yeah, exactly.

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Kim Insley:

Exactly. Well, Elise, Stephanie, and Noel, I want to thank you very much for this, and we hope that you'll tune into our other Navigating Life Transitions podcasts and help yourself to the free resources, by the way, on JNBA's website, which is jnba.com. And if you have questions about your own journey toward retirement, or if you want to learn more about how JNBA can help you with your financial life goals, just give them a call. It's 952-844-0995, or you can just use the contact form on jnba.com to schedule a complimentary, no obligation call with their experienced and multi-generational team. So we want to thank you again for listening. I'm Kim Insley, and I look forward to navigating more life transitions with you on our next podcast.

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