

Start picturing now where you want to be

40s

MAXIMIZE YOUR SAVINGS

Preparing for retirement in your 40s



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Preparing for retirement in your 40s

Your career is well-established. And you've worked hard to build up a nest egg for the future. If you have kids, they may be leaving the nest soon. Life is busy. But have you sat down and thought about what you want your life to look like down the road?

It's not too early to start visualizing your retirement. No matter how you picture the next phase after your working years, now is the time to maximize what you've saved.

Where are you at right now? Take inventory of your financial situation and catch up where you need to. And don't jeopardize your plans by sacrificing money for things that aren't on your long-term priority list.

We have some ideas to help you maximize your savings – and other considerations to think about at this stage in your life.

How to start visualizing your retirement

This is the fun part! What kind of lifestyle do you want? Whether you want to spend your summers fishing or take an annual trip to Jamaica, now is the time to get creative and brainstorm ideas.

Below are four key questions to ask yourself now. You may not know all the answers, but you can revisit them over time to fill in the blanks. Planning for your retirement is a process that takes time.



How will you spend your time in retirement?



Will you work in retirement?



Who will depend on you for personal and financial support?



Where will you live once retired?

What else can you do to prepare?

Here are three steps you can take to gauge where you are financially, and plan for where you want to be in retirement:

1 Meet with a financial professional

- Assess your investment portfolio based on your age, risk tolerance and objectives
- Review where you're at financially and make appropriate decisions based on that
- Review any fees for products and services and determine if they can be negotiated or reduced

2 Think about your long-term health

- Stay healthy by eating right and getting regular exercise
- Look into potential long-term care insurance options (see page 6 for more details)

3 Be smart with your money

- If you have any extra income, direct that money to your savings if you can
- Before you buy that cabin, consider any implications a major purchase may make on your retirement plans

Other things you can do to maximize savings

At this stage, continue to increase your saving with a goal of contributing at least 15%, or more, of your earnings. In addition:

- If you own a home, try to pay off your mortgage before you retire
- Don't take money out of your retirement accounts to pay for your children's education
- Consider increasing your savings or contributions annually

How much income will you have later on?

Have you checked your 401(k) account balance lately?
What is your latest Social Security estimate?

Now is the perfect time to start thinking seriously about whether you're on track to have enough income to support the lifestyle you envision in your retirement.

You'll want to calculate your potential retirement income needs, with your retirement goals in mind, to determine how much to save annually.

Here are three tips to help you plan smart:

- **Estimate your future income** – Check your pension and/or retirement savings balances. Also visit ssa.gov/planners/lifeexpectancy.html and adjust the calculator based on your health, lifestyle and family history.
- **Use a retirement calculator** – Now that you have an idea how much income you're on track to have, visit securian.com to estimate what your future income needs are and at what age you could potentially retire.
- **Plan for longevity** – People are living longer than ever. The Social Security Administration estimates that one in four 65-year-olds will live into their 90s.³ That means you need your savings to last 20, 30 or even 40 years.¹ Visit irs.gov for more retirement saving tools.

If you're not where you need to be, don't worry. You still have time to make adjustments.

\$1,413.37

is the average monthly Social Security benefit for retirees²

Studies estimate couples in retirement need between \$200,000 and \$500,000 to cover health care costs.³

Save enough today for a retirement you can enjoy. Did you know:



6 in 10 single retired women

spend more than expected on housing.⁴



Basic living expenses and healthcare costs

consume almost all of retirees' Social Security and pension dollars.⁴



30% of retired women and 20% of retired men

say that their basic living expenses are higher than expected.⁴



4 in 10 retirees

are spending more than anticipated on health and long-term care costs.⁴

What if you started investing late?

Maybe you just haven't been able to save much up to this point. The good news is it's never too late to start! Consider investing the maximum amount in your 401(k) – either pre-tax or after tax. Also:

- Consider investing in a Traditional or Roth IRA
- Pay attention to the amount of debt you take on and pay off before retirement
- Consider whether you need the help of a financial professional

Be sure to diversify your assets. And don't take on additional risk to make up for lost time. The key is to start, and you can step up your contributions over time – it can really pay off.

Protect your assets – and your family

Insurance needs can take on more importance now, since you may have more to protect.

Think about making sure you have adequate protection to avoid any setbacks. Especially if you have an expensive mortgage and a family that depends on your income. Review your current life insurance – do you need more?

If you don't have any or enough life insurance, you may want to consider:

- **Term life** – coverage for a specific period of time
- **Universal and whole life** - provides lifetime protection with cash value growth

Also, health care costs are expensive and continue to rise. How will you pay for your long-term health care if you get sick and need to retire early? Ask a financial professional about long-term care alternatives, including:

- **Hybrid life insurance/long-term care insurance** – when you become eligible for benefits, you use the death benefit as your initial long-term care benefit pool. Some products offer an extension of long-term care benefits in addition to the death benefit
- **Individual long-term care insurance** – generally offers a pool of benefits to help cover custodial long-term care costs



Consult a financial professional

You don't have to figure out all this financial stuff by yourself – talk to an expert. By working with a financial professional, they can help ensure your retirement investments are the right mix, map out a plan to meet your retirement income needs, and determine what insurance options are right for you.



Don't let debt weigh you down

Getting your debt under control is critical to being retirement ready. It can prevent you from affording things later on, eats up extra income – and leads to bad credit. This could make it difficult to qualify for a mortgage, whether you're planning to upgrade to a bigger home or downsize to a condo.

Here's how you can knock down your debt:

Use credit wisely

Credit cards are convenient, but it's important to pay more than the required monthly minimum payment. Otherwise, you could be saddled with double-digit interest. If you have multiple credit card balances, pay off your higher interest cards first.

Live within your means

Be smart about your purchases, especially big ones. You don't want to de-rail your retirement plans – stay on track. And be honest with yourself about wants versus needs and cut out unnecessary expenses.

Set up an emergency fund

If you haven't already, set aside enough money to cover three to six months of your expenses so you avoid dipping into your retirement accounts for an emergency.

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Have questions? Wondering if you're on track for the retirement you want? Visit [securian.com](https://www.securian.com) to learn more and use our retirement calculator tools.

1. "Include longevity planning in your retirement strategy," Rebecca Lake, U.S. News & World Report, March 7, 2017.
2. "Policy Basics: Top Ten Facts about Social Security," Center on Budget and Policy Priorities, August 14, 2018.
3. "As They Near Retirement, Baby Boomers Remain Unprepared," Boomer Expectations for Retirement 2018, Insured Retirement Institute, April 10, 2018.
4. Sources of Retirement Income: A Study of Retirees, LIMRA, 2018.

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Diversification does not guarantee investment returns and it does not eliminate the risk of loss. Investments will fluctuate and when redeemed, may be worth more or less than originally invested.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit. Due to uncertainty in the tax law, long-term care benefits paid from a life insurance contract may be taxable. Please consult a tax advisor regarding long-term care benefit payments from a life insurance contract.

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