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See where you're at and aim to maximize your savings

50s

GEARING UP

Preparing for retirement in your 50s

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Retirement is right around the corner. Which means you'll have more freedom — and time to do what you love. Will you volunteer? Work part time? Travel? Spend more time with family?

Now is the time to get serious about gathering information and deciding how you want to live once you retire. Where are you at financially right now? Are you on track to retire when and how you want?

Take inventory of your financial situation and catch up where you need to. And maximize what you've saved. Don't jeopardize your plans by sacrificing money for things that aren't on your long-term priority list.

Here are some ideas to help you form a solid financial strategy for your life in retirement. Plus there are other important things to consider before you transition into your retirement years.

How will you spend your time in retirement?

How you spend your time can have a big impact on your retirement finances. You've probably already been throwing around some ideas, but now is the time to nail down your picture for retirement.

Here are four key questions to ask yourself:

What do you plan to do with your time in retirement?

Retirement can be a fulfilling time devoted to your passions and other pursuits, like volunteering. What will an average day look like for you? Travel and hobbies can be expensive. You'll need to make sure you have enough income to support the lifestyle you want. Don't forget about future inflation — basic living costs will likely cost more.

Will you work in retirement?

For many, retirement may not be a distinct point between working and not working. Maybe you like the sense of purpose and social interaction that comes with working. You could be thinking about working part-time and transitioning into retirement. How long will this income last?

Who will depend on you for personal and financial support?

If you have adult children or grandchildren, you need to consider how they may rely on you financially. Are you caring for an aging parent right now – or could in the future? This can affect your financial situation. Explore the costs of that support in time and dollars and factor that into your retirement plan.

Where will you live once retired?

Where you live in retirement affects your income — and your emotional, social and physical well-being. Will you stay put? Move closer to family? Downsize? Be sure to research how income taxes where you plan to live could affect you. Consider how your location and living situation needs to adapt to your needs as you age. For example, should you opt for a single-level home?

As you gear up to retire, consider:

- The current mix of assets and investments in your portfolio
- Your anticipated future assets vs. income
- When you want to start receiving Social Security
- How you'll pay for health care costs
- The tax impact of drawing down your assets over time

What else can you do to prepare?

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

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

Think about your long-term health

- Stay healthy by eating right and getting regular exercise
- Look into potential long-term care insurance options

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

The annual average inflation rate is a little over three percent.

Using this rate, your income would have to double about every 22 years to maintain your current lifestyle.

For example, if you retire today with a monthly income of $5,000, in just over 20 years, your retirement income would have to double to $10,000 per month to keep up.[1]

How much income will you have later on?

You'll want to calculate your potential retirement income needs, with your retirement goals in mind, to determine how much to save annually. Are you on track to have enough income to support the lifestyle you envision in your retirement?

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. 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 retirees[2]

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]

How to maximize your savings

As you near retirement, continue to increase your saving with a goal of contributing at least 15 percent, 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
- Pay attention to the amount of debt you take on and pay off before retirement

Here are three more investing tips to help boost your savings before you retire:

1 Max out your 401(k)

Invest the maximum amount in your employer-sponsored 401(k). This will likely fund a big part of your retirement – keep that in mind for your retirement income strategy. Contributions are typically made on a pre-tax basis while your assets grow tax-deferred. Income taxes are due when you begin taking withdrawals.

2 Consider an annuity

More ways to increase your retirement income. Annuities can also provide the benefits of tax-deferred growth potential — and a guaranteed stream of income, including the option that guarantees you'll never outlive your income.[5]

If you're age 50 or older, you can make annual catch-up contributions to certain types of defined contribution plans before the end of each plan year, up to certain Internal Revenue Service (IRS) limits. Take advantage of these catch-up contributions if you can.

3 Diversify your assets

Don't put all your eggs in one basket. Diversification does not prevent loss but it is a method used to manage risk. A diversified retirement income portfolio should include a range of investments and savings to help manage your overall risk during a potentially long retirement. It may include: stocks, bonds, mutual funds, certificates of deposit, savings bonds, real estate and other financial products. The tax treatment of these products should be considered when preparing for retirement.

You could open a traditional or Roth IRA to invest above the amount allowed in your retirement plan.

Contributions to traditional IRAs are generally made pre-tax for those who qualify for deductible IRA contributions, and grow tax deferred. Qualified distributions are generally subject to taxation. Unlike traditional IRAs, once you reach age 59½, Roth IRA contributions that have been in your account for five years or more can be withdrawn tax-free. There is no requirement that you begin withdrawals at a certain age. For complete IRA rules, please refer to IRA publication 590 or your tax professional.

Consult a financial professional

Working with a financial professional can help ensure you are on course to meet your financial goals. They can review your portfolio mix. And make life insurance recommendations and help you save even more through other investment vehicles that may be right for you.

Protect your assets — and your family

Insurance needs can take on more importance now since you probably 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 coverage — do you need more?

Also, health care costs are expensive, and continue to rise faster than inflation. How will you pay for your long-term health care if you get sick and need to retire early? Include these costs in your retirement income strategy. Also, 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** - offers a pool of benefits you can purchase to help cover long-term custodial care costs

Studies estimate couples in retirement need between $200,000 and $500,000 to cover health care costs.[6]

At Securian Financial, we're here for family. And we're here because of it.

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.

Learn more

Have questions? Wondering if you're on track for the retirement you want? Visit **securian.com** to learn more and use our retirement calculator tools or find an professional near you.

1 "Will Your Retirement Income Withstand Future Inflation?," Cindy Collins, Forbes, February 28, 2018.

2 "Policy Basics: Top Ten Facts about Social Security," Center on Budget and Policy Priorities, August 14, 2018.

3 "Include longevity planning in your retirement strategy," Rebecca Lake, U.S. News & World Report, March 7, 2017.

4 Sources of Retirement Income: A Study of Retirees, LIMRA, 2018.

5 Guarantees are based on the claims-paying ability of the issuing insurance company.

6 "As They Near Retirement, Baby Boomers Remain Unprepared," Boomer Expectations for Retirement 2018, Insured Retirement Institute, April 10, 2018.

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An annuity is intended to be a long-term, tax-deferred retirement vehicle. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59½, may be subject to a 10% federal tax penalty. If the annuity will fund an IRA or other tax qualified plan, the tax deferral feature offers no additional value. Qualified distributions from a Roth IRA are generally excluded from gross income, but taxes and penalties may apply to non-qualified distributions. There are charges and expenses associated with annuities, such as deferred sales charges (surrender charges) for early withdrawals.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods. Investments will fluctuate and when redeemed may be worth more or less than when originally invested.

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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