

# ✓ Do you have a 5/10/20 Retirement Plan?



When it comes to retirement planning, many Americans have yet to put pen to paper – nearly **40%** have given little or no thought to financial planning for retirement.<sup>1</sup> Having a plan with specific goals can make a big difference in how you spend your golden years.

## Get started with these recommendations from NAPFA-Registered Financial Advisors:

### If you're 20 years away from retirement:

- ❑ Create an emergency fund of 3-6 months of living expenses to avoid tapping into your 401(k) or home equity in the event of an emergency.
- ❑ Boost your earning potential and benefits package by contributing the maximum annual amount to your 401(k), or at least enough to receive a full employer match.
- ❑ Ensure you have a diversified investment portfolio so that you are investing for growth and distributing your assets across taxable, tax-deferred and tax-free sources. If you have multiple retirement or brokerage accounts, now is a good time to consolidate them.

Maintaining an emergency fund as you age is important because job seekers over age 55 are typically unemployed for

## 3 MONTHS

longer than younger counterparts.<sup>2</sup>

### If you're 10 years away from retirement:

- ❑ Brainstorm any big-ticket financial commitments you anticipate in the next 10 years and consider how these items might affect your retirement timeline.
- ❑ Review your estate documents to ensure the language is still accurate. For example, are the named trustees still alive and capable? Your estate documents should include items such as: a will, power of attorney, a living will, a healthcare proxy and possibly a revocable trust.
- ❑ Reallocate your investment portfolio based on your earnings timeline with a focus on performance, risk and expenses. Decide when – or if – you should shift to a more conservative asset allocation.

A common big-ticket expense? Caring for a loved one – more than

## 42 MILLION

family caregivers each year provide unpaid care for aging parents, spouses and other loved ones.<sup>3</sup>

### If you're 5 years away from retirement:

- ❑ Make a list of retirement “needs” and “wants.” If you do not have enough savings for all your “needs,” make a five-year plan to increase your funds.
- ❑ Double-check your reported Social Security earnings and resolve any discrepancies now. Explore your Social Security claiming options and make sure you understand the timing of applying for benefits.
- ❑ Run tax projections periodically to ensure you take advantage of opportunities the IRS provides, such as ROTH IRA conversion strategies.

## #1 FEAR

What's keeping retirees up at night? Their biggest fear is outliving their retirement savings, according to NAPFA advisors. Identifying what you need vs. want will help decrease anxiety.

A financial advisor can help you create a retirement plan that fits your lifestyle and needs. But, how do you choose the right advisor?

## 50% more

likely to say they are saving enough for retirement.<sup>4</sup>

### Find A Financial Advisor Who Has One Or More Of The Following Credentials:

- NAPFA-Registered Financial Advisor
- Certified Financial Planner® (CFP®)
- Personal Financial Specialist (CPA/PFS)
- Chartered Financial Consultant (ChFC)

### Pick A Financial Advisor Who Follows A Fee-Only Compensation Model:

A Fee-Only advisor is compensated solely by the client, with neither the advisor nor any related party receiving compensation that is based on the purchase or sale of a financial product.

### Ensure Potential Financial Advisors Provide Comprehensive Advice And Holistic Planning That Covers These Areas:

- Goal Setting
- Cash Management and Budgeting
- Tax Planning
- Investment Review and Planning
- Estate Planning
- Insurance Needs
- Education Funding
- Retirement Planning

### Ask Potential Financial Advisors To Sign A Fiduciary Oath:

Advisors who sign a fiduciary oath promise to act in good faith and in their clients' best interest. Advisors will be proactive in disclosing any conflicts of interest and will not accept any referral fees or compensation based on the purchase or sale of a financial product. To view a sample of a fiduciary oath, please visit <http://www.napfa.org/about/FiduciaryOath.asp>.



Visit [www.napfa.org/consumerresources](http://www.napfa.org/consumerresources) for more information or visit [findanadvisor.napfa.org](http://findanadvisor.napfa.org) to find an advisor in your area.

- Sourcing:
1. Federal Reserve (May 2014). Report on the Economic Well-Being of U.S. Households in 2014
  2. AARP (July 2015). Protecting Older Workers From Age Discrimination.
  3. AARP (March 2015). 2015 AARP National Caregiving Survey of Registered Voters Age 40 and Older.
  4. Consumer Federation of America (Feb. 2015). 8th Annual America Saves Week Survey.