

Retirement Planning Basics

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It is important to have a retirement plan, even if you are a long way away from retiring from work. About one out of every three 65-year-olds today will live until at least age 90. You can enjoy a more financially secure retirement by taking a few steps to manage your spending, reduce your debt, and make sure you have a way to get income as you get older.

Making a Plan

The first step is to set some goals for your later years. Think about:

- Do you want to work as you get older, even part time?
- How long do you want to work?
- Where do you want to live when you retire?
- What kinds of things do you want to do as you get older?

This chart shows some of the steps included with planning for retirement:

Developing Your Retirement Plan

These are all great reasons to start to turn your financial goals into action steps and make a plan for the future.

- 1 Retirement Savings**
 - Saving, even a little, every paycheck is a good idea.
 - Maximize any employer matches.
 - Pick a low-cost, low-fee, low-expense mutual fund, usually an index fund.
 - You can still access these funds for certain uses (homebuying, tuition, medical)
- 2 Social Security**
 - Deciding when to claim - the longer you can wait the better
 - You can still work after you claim benefits
 - Medicare and health coverage
- 3 Wills and Estates**
 - Check all your "beneficiaries" for accounts
 - Health care proxies and directives
 - Wills can be created at a low cost - but legal documents need to be maintained
- 4 Saving and Reducing Debt**
 - Track your expenses to make room to save
 - Pay off credit cards and consumer debt
 - Homeowner? Maintenance, taxes & insurance can add up.
- 5 Making a Plan**
 - Set goals: 1 year, 10 years, 30 years...write them down -----
 - Advisors and planners can help. Look for fee-only planners, who don't make money on what they sell to you (try a Certified Financial Planner, or CFP)
 - Ask a lot of questions. It's your plan! Never take a step you do not fully understand
 - Beware of fees, penalties and commissions.

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