

5 Things You Should Do If Retiring Soon



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A year or less to retire can be exciting, but it can also leave you a bit apprehensive. It is not the time to relax yet. While over 10,000⁽¹⁾ baby boomers enter retirement each day, only 25% of them are well prepared for the next phase of life. With this in mind, the last 12 months before retiring are important. There are things you could do in this period to help ensure that you are on the right track to realizing a confident post career life. Think about getting your healthcare portfolio and other finances in order. The tips below will help guide you on what to do before the 12 months elapse.

1. Take stock

This is a good time to organize your finances by assessing your assets and liabilities. You should list all your assets such as your home, investments, savings, cash management accounts, cars, and other valuable assets. Likewise, you should also list all your liabilities which could include credit cards, mortgage, and other debts. Doing this will give you a snapshot of your net worth and current situation.

One of the best tips to retire with confidence is identifying several income sources such as pensions, Social Security, existing annuities and income generating investments such as 401ks, IRAs, savings and taxable investments accounts. Soon, your paychecks will stop, so making sure you have income to replace that is important. If you are unsure how to be sure these pieces are in place, consider consulting a Financial Advisor for guidance or a second opinion on your current plan.

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2. Work out the best Social Security scenario

What Social Security strategy is favorable for you? If you do not know, this is a good time to learn. What you might not know about a Social Security program can cost you. You may need Social Security to meet some of your post-career expenses. Data from Social Security Administration⁽²⁾ (SSA) shows that 61% of retirees rely on monthly payout as a major income source. With that said, you shouldn't rely on it as your retirement plan A.

The main factors that determine what benefits you're paid are the work history, earnings and if you have worked for at least 35 years. Generally, workers above 62 years can claim Social Security but if they can wait until they are 70, they may be eligible for a higher monthly payout. Your benefits typically grow by 8% each year from the age of 62 to 70. This means that a person who claims his or her Social Security at 70 could have a 76% higher payout than someone who claims at age 62. Ask a professional for clarification on these benefits.

3. Create a post-career budget

Retiring without adequate planning⁽³⁾ or having a proper budget in place could be a recipe for living beyond your means. In most cases, what you will spend after leaving the job may differ significantly from what spent during your career years. Remember that you will do away with some expenses such as the cost of commuting to work. But you will have more time to travel and essentially have 7 Saturday's.

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You should set a realistic budget that will let you live your ideal post-career life based on the size of your nest and your age. You should take into consideration one-off expenses such as the cost of a new car or a major trip. One way to transition to your post work life is to live on your post-career budget within the 12 months period. This will help you to acclimatize to the changes.

4. Review your health coverage

You should also sort out your health insurance. So, you should check if your employer offers long-term care, retirees medical, and other insurances packages. If not, and you aren't yet 65, then you can consider the plans offered through the Affordable Care Act.

As you near 65, you become eligible to enroll for Medicare⁽⁴⁾. If you fail to sign up within the proper period, you are at risk of being charged higher premiums unless you have a group health insurance coverage from your employer. To avoid penalties, consult a retirement planning professional or be sure to get to know the rules of Medicare. You should also consider other health insurance plans to supplement where Medicare doesn't cover such as prescription drugs and dental care.

5. Set out your post-career itinerary

During the final months before leaving your job, you can start to create a travel itinerary or do research on volunteer groups that will keep you busy during your post career period. After the first year of retirement many retirees finish the list of things they wanted to accomplish and sometimes look for ways to make this phase of their life meaningful.

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The fact that you are closing in on retirement doesn't mean you are ready for a life after work. However, with adequate planning you will hopefully be in a better position to reach your retirement goals. For additional perspective, we can help you with any questions you have.

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(4) <https://www.medicare.gov/>