RetireReady

Retirement Checklist:

5 Steps to Help You Stay on Track

Let's face it—saving for retirement is often easier said than done. Life events, market volatility, and an uncertain economic climate are all factors that may cause you to get off track. Nonetheless, you can still choose to take control of your retirement today. It all boils down to having a plan—and sticking to it.

Creating a checklist can help improve your chances of being prepared for retirement. Here are five key steps to help jump-start your planning or stay on track. And, remember, when you participate in your workplace retirement plan, you've already taken a step in the right direction.

Action Step	Considerations
1. Review your contribution amount.	• Increase your contribution rate to boost your retirement savings. (In 2023, the IRS deferral limit for defined contribution plans is $22,500.) Even a small increase now can make a difference later. If your employer matches contributions, be sure to contribute enough to take full advantage of the match. • Direct any "newly found" assets toward retirement. For example, if you pay off a loan or credit card debt, redirect that amount to your retirement account. The additional contribution could have a positive impact on your savings. • If you are age 50 or older, make an additional catch-up contribution (up to $7,500 into a defined contribution plan in 2023).
2. Review your retirement progress and your lifestyle.	• Use the tools available on your plan's website to establish a savings target and monitor your progress toward it. • If it looks as if you have a savings gap, you may need to consider working longer. If you're in good health and have the option to continue working, you may be surprised at how much you can accomplish by postponing retirement—even for just two or three years. • Review your spending habits, and make small lifestyle changes. It's essential to get back to the basics: save more, spend less, and get out of debt. Create a line item in your budget for "retirement savings," and "pay" it every month.

Action Step	Considerations
3. Review and rebalance investments.	• Check your portfolio regularly—at least once or twice a year—and make changes to keep up with your goals. As you get closer to retirement, you should check it more often. Has your tolerance for risk changed? If so, you may want to reduce your exposure to stocks. • As markets rise and fall, asset allocations tend to shift. For example, a portfolio that has been divided evenly between stocks and bonds could have become unbalanced as a result of market activity. It may be time to evaluate your current positions and rebalance back to your original allocation. *
4. Determine an appropriate withdrawal strategy, and consider postponing distributions.	• To avoid outliving your assets, it is important to have a defined withdrawal strategy. You may even want to postpone withdrawals. Why? Because, even after you retire, you can boost the long-term income power of your tax-advantaged accounts. You may want to tap your taxable investments first and postpone withdrawals from your workplace plans and traditional IRAs for as long as you can—up to age 73 in 2023. (or age 70½ if you turned 70½ before January 1, 2020). • Although there is a risk of losing additional principal by delaying retirement, for each year that you postpone withdrawals on your tax-advantaged accounts, you get another year of tax-deferred earnings potential. That might not seem like a big deal early in retirement, but the compounding effect over the course of a long-term retirement can be considerable. Remember, today's life spans and retirements last longer.
5. Don't go it alone; consult a financial advisor.	• Uncertain economic times sometimes lead to poor decision-making. It's often at the turning points—at both market highs and lows—that individual investors make the biggest mistakes, such as selling when prices are low. Working with a financial advisor can provide an emotional buffer and help you stay focused on long-term goals. • A financial advisor has the knowledge and experience to help you stay on track, regardless of what's going on in the markets. Coaching and support from an experienced professional can provide valuable perspective and help you make decisions with confidence.

*Diversification does not ensure a profit or protect against a loss.

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