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A FIVE-STEP CHECKLIST FOR RETIREMENT INCOME PLANNING

STEP 1

Expense Inventory

- Estimate monthly or annual expenses – dividing them into “essential” (food, housing, clothing, health care costs, insurance, etc.) and “discretionary” (travel, entertainment, etc.).
- Estimate any amount you wish to leave as a legacy and set those funds aside, at least for planning purposes.

STEP 2

Income Inventory

- Draw up an inventory of all sources of income: Social Security, traditional pensions, lifetime annuities, or other predictable long-term income flows.
- Do an inventory of all financial and real assets (stock, bonds, mutual funds, CDs, real estate, rent, etc.) that could be used to fund your retirement. Add estimated income from these assets to your predictable income flows to estimate total income.

STEP 3

Compare Essential Expenses with Highly Predictable Income Sources

- Compare your projected essential expenses with projected total after-tax income.
- This comparison will either show that your essential expenses are fully taken care of, or it will reveal an “essential expense gap” – which needs to be filled.

STEP 4

Allocate Assets to Cover Essentials and to Fund Discretionary Expenses

- Should there be any gap in income coverage for your essential expenses, close this gap – by either segregating a specific pool of assets to draw on systematically over time or by purchasing a guaranteed income produce, such as an annuity – to help ensure that essential expenses are met.
- Once essentials are funded, the assets remaining may be used for discretionary expenses according to a systematic withdrawal plan.

STEP 5

Protect and Update the Plan

- Decide whether to protect your lifetime income plan with major medical, life and long-term care insurance. Review your plan at least once a year, adjusting all elements – including expense, asset allocation, and withdrawal rates – to meet changing personal circumstances.
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Gather your personal and financial data

This first step involves estimating anticipated expenses and taking an inventory of potential sources of income. You'll also want to collect information about your family situation, identify your investing approach, and rate your tolerance for risk – all of which can help shape your income plan.

PERSONAL INFORMATION

Name: _____

Male Female Date of Birth: _____ Already retired Yes No

If not already retired: Current/most recent annual salary \$ _____. Planning to retire in _____ years.

Include a partner or spouse in your plan? Yes No

Spouse/Partner's Name: _____

Male Female Date of Birth: _____ Already retired Yes No

If not already retired: Current/most recent annual salary \$ _____. Planning to retire in _____ years.

Dependents/other considerations

Are there other family members you will need to support in retirement? Yes No

Other considerations that will help your advisor in developing a retirement income plan? Yes No

(For example, the sale of real estate, assistance with a grandchild's educational expenses, etc.)

INVESTMENTS & RISK

If the markets were to decline in value early in your retirement, what would you do?

- Not sell, and stay with my long-term plan
- Sell most of my risky investments and buy more conservative ones
- Sell a majority of my portfolio and buy more conservative investments
- Sell my entire portfolio and remain in cash until the market recovers

Based on your tolerance for fluctuations in the market, as well as your overall investment goals, how comfortable are you with risk in your portfolio?

MORE RISK

LESS RISK



- Risk is not a concern
- Comfortable with high risk
- Somewhat comfortable with risk
- Prefer moderate risk
- Comfortable with mostly lower-risk investments
- Prefer low-risk investments

Estimate your anticipated retirement expenses

Envision your life in retirement, and think about the expenses you will – or might – incur. Taking into account your lifestyle and goals, identify which expenses are essential (must have) and which are discretionary (nice to have).

Write your estimated monthly retirement expense in the essential or discretionary column		ESSENTIAL	DISCRETIONARY
Housing	Mortgage/Rent/Condominium Fees	\$	\$
	Property Taxes	\$	\$
	Utilities (electricity, heating, phone, etc.)	\$	\$
	Homeowner's Insurance	\$	\$
	Household Maintenance	\$	\$
Food	At Home (groceries, etc.)	\$	\$
	Dining Out	\$	\$
Transportation	Vehicle Purchases or Lease Payments	\$	\$
	Auto Insurance & Taxes	\$	\$
	Fuel & Maintenance	\$	\$
	Public Transportation	\$	\$
Health Care & Insurance	Health Insurance	\$	\$
	Co-pays and Medical Services (those not covered by insurance)	\$	\$
	Medicare/Medigap Premiums & Expenses	\$	\$
	Drugs & Medical Supplies	\$	\$
	Dental, Hearing, or Vision	\$	\$
	Life Insurance	\$	\$
	Long-Term Care Insurance	\$	\$
Personal Care	Disability Insurance	\$	\$
	Clothing	\$	\$
Personal Care	Products & Services (for example haircuts, dry cleaning, etc.)	\$	\$
	Gifts/Charitable Contributions	\$	\$
Other	Entertainment/Recreation	\$	\$
	Travel/Hobbies	\$	\$
	Education	\$	\$
	Family Care (parents, children, grandchildren)	\$	\$
	Income Taxes	\$	\$
	Other	\$	\$
	SUBTOTAL		\$
TOTAL ESSENTIAL & DISCRETIONARY MONTHLY EXPENSES			\$

Identify existing and potential sources of income

List the income sources you will use to fund your retirement, as well as any assets and accounts you may have that could be converted into income.

Income	Description of Sources of Income (including time frames)	Monthly Income
Social Security		\$
Pension Plans		\$
Annuity Income		\$
Work in Retirement		\$
Rental Income		\$
Other		\$
TOTAL MONTHLY INCOME		\$

Retirement Savings/Investments	Where Assets Are Held (name of institution)	Money In			TOTAL ASSETS
		Short-Term Security (i.e., cash/ money markets)	Bonds (i.e., both bonds and bond funds)	Stocks (i.e., both stocks and stock funds)	
Employer-Sponsored Retirement Savings Plans (401(k)s, 403(b)s, SEPs, etc.)					
Traditional IRAs, Rollover IRAs, Roth IRAs					
Taxable Mutual Funds, Individual Securities					
Tax-Deferred Annuities (fixed and variable)					
Savings Accounts, Checking Accounts, CDs					
Other:					

Tangible Assets (those you may want to consider selling to fund retirement)					
Real Estate					
Other:					

TOTAL RETIRMENT SAVINGS, INVESTMENTS, AND TANGIBLE ASSETS	
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FINANCIAL RECORDS

If possible, please provide us with copies of the following financial records. These documents and the completed questionnaire will help us develop the most accurate and complete financial plan and will save time and questions later.

Current account statements:

Savings accounts

Certificates of deposit

Money market accounts

Mutual funds

Annuities

Stock and/or Bond certificates

Brokerage/Managed accounts

IRAs, SEP-IRAs, Roth IRAs, etc.

Employer stock option statement

Retirement plans & list of investment options: 401(k), 403(b), etc.

Life insurance policies (plus current premium invoice for cash surrender value)

Social Security income estimates

Wills/Trust documents

Mortgage statement

Other loan statements (including credit card debt)

Income tax returns, federal and state (last 2 years if available)

Employer Benefits handbook

Employer contracts

Recent payroll stub

Other financial records