FINANCIAL FITNESS

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A dozen annual practices can help you with your current finances and secure the monthly income you'll need in retirement.

TAX DAY IS NOW JULY 15. HERE ARE 12 WAYS TO GET ON TOP OF YOUR RETIREMENT SECURITY BEFORE THEN

Every spring, income tax season gives Americans the chance to take stock of their finances from the year prior and make adjustments moving forward. Given the COVID-19 pandemic and unprecedented market volatility, the past few months have brought new financial uncertainty for millions. Fortunately, we all have a little bit of breathing room when it comes to filing our federal income taxes – which are now due on July 15. If you're one of the millions of Americans sitting down now to figure it all out, this extra time also provides an opportunity to take a few simple steps towards protecting your retirement.

Starting this weekend, make it a point to determine the actions you'll take to make real progress toward securing your retirement income by completing this list of basic tasks. Many of these steps take less than 20 minutes to complete but will have a positive impact on helping you secure the monthly income you'll need to live the life you want in retirement.

1. **Identify your retirement goals and put them in writing.** It's not fluff, it's science. Academic studies have shown that you're 42 percent more likely to achieve your goals if you write them down.

2. **Talk to someone about your financial goals for retirement.** Once you have your financial goals for retirement in writing, talk about them with close friends, family or co-workers. Your chance of success can increase when you do this because it can help create accountability for your goals. Sharing your goals with someone you look up to is especially helpful, according to recent research from Ohio State University.

3. **Speak with a financial professional.** Financial professionals can play a critical role in forming your financial retirement strategy and providing a reality check on your progress. This person has the necessary experience and knowledge to recommend changes and suggest improvements. You can download this checklist of questions to ask your financial professional about how to protect your retirement income. If you don't have a financial professional yet, use these suggested resources at ProtectedIncome.org for finding one and this worksheet of questions you can ask prospective professionals.

4. **Get your credit score.** There's no single number; credit scoring services all use different formulas and sources. You can receive a free credit report, which is what the score is based on, every 12 months from each of the three main consumer reporting companies: Equifax, Experian and TransUnion. Fact-check the report and correct inaccuracies. The Consumer Financial Protection Bureau has more information at its site.

5. **Create a debt plan.** If you accumulated new debt during the previous year or are still paying off older debt, develop a plan to pay it off. Experts often advise paying off debt with the highest interest rates first because this will save you the most money as you decrease those balances. But some people believe paying off debt with the lowest balances first provides the satisfaction of progressing toward your goals. Your financial professional can help you with this step, too.

6. **Maximize your employer's 401(k) or 403(b) match.** If your employer offers matching contributions for its 401(k) or 403(b) plan, make sure you understand how the program works, whether there were any recent changes and what you need to do to maximize this benefit. These matching contributions today can provide significant monthly income down the road, so get every dollar you can.

7. **Revisit your asset allocation.** The goal of having a mix of stocks and bonds, and other investments in your retirement accounts is to build and grow your savings, in concert with annuities – which provide the protected income part of your portfolio – and other sources, to give sufficient monthly income in retirement. Your preferred mix is a function of 1) how long you have before retirement, 2) your goals in retirement, and 3) your risk tolerance. Talking with a financial planner can help with your asset allocation, but many online calculators can provide a starting point. Make the changes necessary to your investment selections so that your portfolio stays on course to meet retirement goals.

8. **Check your tax withholding.** You might be pleased with a large tax refund, but investing this money instead during the year can yield more over the long term. In order to avoid oweing a large sum when filing taxes, leverage the IRS's tax withholding estimator and adjust your allowances accordingly.

9. **Review your Social Security statement.** Understanding your estimated benefits is an early step in determining the savings you'll need in retirement. Doing this is critical once you're within 10 to 15 years of retirement age. Go to www.ssa.gov/mysocialsecurity to check this figure and your earnings record along with other information. For help in balancing your planned monthly spending with monthly income in retirement, you can compare what you're expected to receive at age 62 (if you elect to retire early) with waiting until what the Social Security Administration considers the full retirement age of 67, or waiting until 70 to receive the benefits. Since these numbers are just an estimate, it is important to meet with your financial planner to discuss your retirement income plan before claiming your Social Security benefits to make sure your income will be sufficient.

10. **Figure out your essential expenses.** Everyone has essential expenses they need to cover in retirement, including things like a mortgage, utilities, groceries and transportation. It's important to add-up your essentials as part of your planning process. To start, create a list of your must-haves, writing down how much you spend on each of these essential expenses. Then consider whether these costs will go up or down in the future. Your financial professional can help you with these estimates. This is the first step in creating a retirement income plan. Use this guide for more information – it even has a worksheet to make things simple.

11. **Determine your RISE Score.™** After checking your expected Social Security benefits and other sources of income and estimating your essential expenses, use this tool to see whether your savings are on track to meet your retirement income needs. The RISE Score,™ like a credit score, can help you determine if there's a gap between the income you'll have and the income you'll need. The tool also indicates the role protected lifetime income can play in meeting your goals for retirement.

12. **Look over your will.** Many people forget to update their wills after personal or family circumstances change, or when new state laws are passed that might affect estate planning. It's also critical to go over your estate plan with an attorney to ensure that your wishes will be enacted, and you are reducing any potential tax burden for your loved ones. If you do not have a will, speak with an attorney about beginning the development process.