



# Retirement Planning

Wealth managers offer eight planning tips to get you on your way to a financially secure retirement plan.

BY DON BUTLER

**W**e spoke with several wealth management experts on financial factors to consider prior to retirement. Here are eight tips they share.

• **Starting now, do a detailed track of your spending.** The biggest contributing factors to a successful retirement savings strategy is how much you're saving, and for how long, says Ellenbecker Director of Client Experience and Wealth Advisor Kristina Schnuckel. "A 3 percent contribution rate starting at age 25 may be enough to meet your goals, but 3 percent will fall short if you're already in your 40s."

Tracking your current spending, no matter your age, is the best benchmark for retirement savings, she says. "There's a prevailing thought in retirement planning that you'll spend less in retirement than in your working years," Schnuckel says. "This might have been true in past decades, but I rarely see this be the case today. While you may see some costs go away, such as childcare or college tuition, the income going to these sources often shifts to another source in retirement, such as travel. Retirees are staying active longer, which means more spending those early years of retirement."

Running some calculations that assume a similar spending amount annually and projecting out for inflation and market returns can help you know if you're on track to meet your goals for retirement, she adds.

• **Connect with a wealth management professional and use a financial planning tool to outline your retirement goals.**

"Begin by calculating your expected retirement expenses in today's dollars — monthly bills, insurance and other regular costs," says Landmark Credit Union Investment Center Financial Consultant Alan Barnes. "Make sure to account for inflation, which will increase expenses over time."

• **Health insurance/health care is probably your biggest consideration.** "Medicare begins at age 65, so if you plan to retire earlier, you need to consider how to cover healthcare costs," Barnes says. "Additionally, Social Security benefits are typically available starting at age 62, but the optimal age to begin receiving

them depends on your financial situation. If you delay claiming Social Security, you can increase your benefits, but this requires a solid financial plan to cover expenses in the meantime."

"One of the biggest factors impacting retirement age is the availability of affordable health insurance," Schnuckel agrees. "For this reason alone, many investors work until they are eligible for Medicare at age 65. If you retire before 65, you may have some COBRA options through your employer, but can also get insurance on the exchange (ACA, or Affordable Care Act)."

Another ingredient in the retirement cocktail is your retirement savings. "Consider how much you've already saved, how much you're adding, and how your investments are performing," Barnes says. "Would it be better to use your retirement savings first and delay Social Security, or the other way around?" A financial advisor will help you navigate these complexities and assist you with a personalized retirement plan.

• **If you retire before age 65, keep your taxable income low.** "If you have goals of early retirement, the strategy behind where you save your money should be a priority," Schnuckel says. "As it stands today, getting a government subsidy on the exchange is income-based, not asset-based. This means that you can qualify for a subsidy by keeping your income low. That's not attractive for most retirees, so we strive to keep income 'artificially' low, meaning we spend from your tax-deferred sources such as an IRA or 401k up to the subsidy income level, then take distributions from Roth IRAs or taxable accounts to get you to your desired spending level."

That strategy allows retirees to still retire well, but control their premiums, she says.

• **Understand your income sources.** "One area that needs exploration will be income sources in retirement — Social Security, pension, portfolio — and their tax implications/age restrictions," says Wealthspire Advisors – Delafield Senior Vice President Razi Hecht. "For example, if someone plans to fund 100 percent of their retirement through Social Security, the earliest they can retire will be 62 in almost all instances. On the

flip side, if a person has built up a sizeable investment portfolio outside of retirement accounts, they likely have a lot more freedom to retire early."

• **Stay updated on your net worth.** "Keeping updated net worth statements on file is extremely important for estate planning," says Shareholder, Trusts and Estates Practice, Reinhart Boerner Van Deuren Kelsey Berns. "When I review a net worth statement, my main objectives include: 1) determining whether the client is likely to pay estate tax under current law or future laws; 2) determining whether the client has enough liquidity on hand to pay that estate tax or if some deferral mechanism might be warranted; 3) analyzing whether certain assets might be subject to valuation discounts, decreasing the value of the estate and the tax payable; and 4) if the client is in an estate tax position, recommending planning vehicles appropriate for certain types of assets on the net worth statement."

• **Maximize 401(k), 403(b) or other employer-offered perks.** "Don't leave your employer match on the table," says RW Baird Manager of Wealth Planning Associates CJ Jessup. "If you cannot save any additional dollars, find a way to save at least as much as your company matches in the form of a contribution to your retirement account."

Additionally, as you work toward retirement a formula to keep in mind will help you dictate where your money should go, he says. "A common rule of thumb is to follow the 50/30/20 Rule: 50 percent of net income to meet nondiscretionary expenses, including rent and utilities, 30 percent to meet discretionary expenses, like travel and entertainment, and 20 percent to go to savings and/or debt," Jessup explains.

• **Start saving early.** "Saving when you're young can be really hard, but it's incredibly powerful," Hecht says. "Consider

“A 3 percent contribution rate starting at age 25 may be enough to meet your goals, but 3 percent will fall short if you're already in your 40s.”

-Kristina Schnuckel,  
Ellenbecker Director of Client Experience  
and Wealth Advisor

this — if you're able to get a 6 percent return per year, with compound interest your money would double approximately every 12 years. This means that a dollar saved at age 30 has the potential to be worth 8 dollars at age 66.

"Keeping this in mind, especially when making impulsive buys, can be really helpful," he continues. "For example, that coffee might be only \$5, but it is costing you \$40 that could be spent in retirement. Balancing living for today while not becoming a slave to the future is key, but keeping this in mind can still be helpful."

A further help could be to redirect automatic expense payments toward savings when the expense is no longer occurring, Hecht says. Examples may include car payments, mortgage payments, student loan payments or tuition payments. "You've been able to live life without spending those dollars, so why change now?" Hecht says. "And as you see increases in your income, look to increase your savings as well." **MKE**



## Rooted in nature. Thriving in life.

Whether you want to stretch your legs or your imagination, enjoy fine dining in nearby Milwaukee, or grab a bite right at home, Newcastle Place lets you experience it all. A vibrant senior living community where you can foster deep connections and continue to live your life with purpose. Start planting your roots and open yourself up to a world growing with possibilities.

Explore more or schedule a tour at [newcastleplace.com](http://newcastleplace.com) or call **262.393.3728**

**NEWCASTLE PLACE**  
A LIFESPACE COMMUNITY®

INDEPENDENT LIVING | ASSISTED LIVING | MEMORY CARE  
SKILLED NURSING | REHABILITATION

12600 N. PORT WASHINGTON ROAD, MEQUON, WI 53092  
AL #0018619 | MC #0018618 | SNF #235

