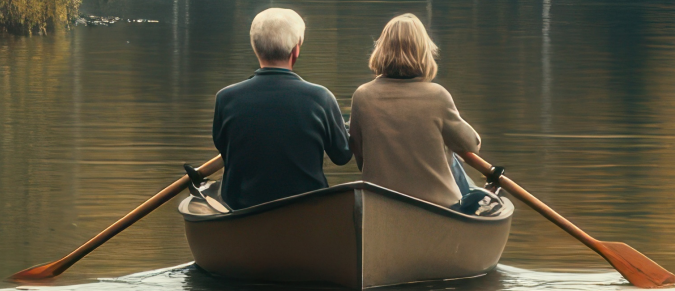




10 Retirement Milestones

*Checkpoints for Building a
Confident and Secure Future*



10 Retirement Milestones

The Checkpoints for Building a Confident and Secure Future

Table of Contents

[Milestone 1: Laying the Foundation – Your First Retirement](#)

[Contributions Milestone 2: Establishing an Emergency Fund](#)

[Milestone 3: Hitting Key Savings Benchmarks](#)

[Milestone 4: Maximizing Employer-Sponsored Plans](#)

[Milestone 5: Turning 50 – Catch-Up Contributions and Beyond Milestone](#)

[6: Planning for Healthcare and Long-Term Care](#)

[Milestone 7: Navigating Social Security](#)

[Milestone 8: Solidifying Your Estate and Legacy Plans](#)

[Milestone 9: The Final Pre-Retirement Checkup](#)

[Milestone 10: Transitioning into Retirement](#)

[Conclusion](#)

Introduction

Planning for retirement is a journey filled with important decisions, adjustments, and reflections on your goals for the future. Whether you're just beginning your career or are fast approaching your retirement date, understanding the checkpoints along the way can help you feel more secure and confident about the path ahead.

In this ebook, we'll walk through ten significant milestones that can shape your retirement readiness. Each milestone includes practical tips and considerations from a financial perspective, but it's also designed to help you think more holistically about your lifestyle, family, and well-being. Although retirement planning can seem complicated, breaking it down into these stages can help turn a daunting task into a manageable process.

Let's get started on your journey toward a comfortable and fulfilling retirement.

Milestone 1: Laying the Foundation – Your First Retirement Contributions

Why It Matters

Your retirement planning begins the moment you earn your first paycheck. Setting aside even a small portion of your income early on can make a profound difference in the long run, thanks to the power of compounding returns. By starting as soon as possible, you give your money more time to grow.

Action Steps

1. **Enroll in a Retirement Account:** If you have access to an employer-sponsored plan (like a 401(k)), sign up and contribute at least enough to get the employer match—if available. If you don't have an employer-sponsored plan, open an Individual Retirement Account (IRA).
2. **Automate Your Savings:** Automating contributions helps to ensure you never miss a payment. It also helps you stick to your plan by paying yourself first.
3. **Establish Goals:** Define what a “comfortable retirement” means to you. Understanding your end goal helps you stay motivated.

Key Takeaways

- Starting early is critical.
- Even small contributions can add up significantly over time.
- Automating your savings helps build a consistent habit.

Milestone 2: Establishing an Emergency Fund

Why It Matters

Financial security isn't just about saving for retirement; it's also about handling life's unexpected events—like medical emergencies, car repairs, or job loss—without raiding your retirement account. An emergency fund acts as a financial buffer and can help protect your long-term savings.

Action Steps

1. **Determine Your Target:** An emergency fund typically covers three to six months' worth of living expenses. If your job or industry is more volatile, aim for a higher number.

2. **Keep It Accessible:** Store emergency fund money in a liquid, low-risk account—like a high-yield savings account—so that you can access it quickly if needed.
3. **Separate It:** Keep this fund separate from your day-to-day checking and long-term savings. It should be clear that the emergency fund is only for genuine emergencies.

Key Takeaways

- Having an emergency fund can help safeguard your retirement nest egg.
 - Be intentional about how you store (and protect) this fund.
 - Continually reassess and replenish this fund as your lifestyle evolves.
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Milestone 3: Hitting Key Savings Benchmarks

Why It Matters

Your retirement savings should grow steadily over time. We've seen Financial professionals recommend having a specific multiple of your salary saved by certain ages, such as 1x your annual salary by 30, 3x by 40, 6x by 50, and so on. While these guidelines are not one-size-fits-all, they can serve as helpful checkpoints.

Action Steps

1. **Calculate Your Progress:** Use online retirement calculators or speak to a financial advisor to see if you're on track.
2. **Adjust Your Contributions:** If you're behind, consider increasing your contributions, trimming discretionary expenses, or both.
3. **Invest Appropriately:** Your asset allocation (the mix of stocks, bonds, etc.) should align with your risk tolerance and time horizon. As you approach retirement, your strategy might become more conservative.

Key Takeaways

- Periodic checkups can help keep your retirement goals on track.
 - Saving milestones serve as benchmarks, but personalization is key.
 - If you're behind, don't panic—focus on adjusting your plan.
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Milestone 4: Maximizing Employer-Sponsored Plans

Why It Matters

Employer-sponsored retirement plans, like 401(k)s, 403(b)s, or SIMPLE IRAs, often include valuable features, such as employer matching contributions. Failing to maximize these opportunities could mean leaving free money on the table.

Action Steps

1. **Contribute Up to the Match:** If your employer offers a match (e.g., matches 50% of your contributions up to 6% of your salary), contribute at least enough to take advantage of that match.
2. **Understand Vesting Schedules:** Employer contributions might be subject to a vesting schedule, which means you need to stay with the company for a certain period to keep the matched funds.
3. **Review Your Plan Options:** Some plans allow Roth contributions. Evaluate whether Roth or Traditional contributions (or a blend of both) best fits your tax outlook and retirement timeline.

Key Takeaways

- Employer matches are a powerful way to boost your savings.
- Pay attention to fees, investment options, and vesting schedules in your plan.
- Consider diversifying across Traditional and Roth accounts.

Milestone 5: Turning 50 – Catch-Up Contributions and Beyond

Why It Matters

Reaching age 50 brings a key opportunity: catch-up contributions. The IRS allows individuals who are 50 or older to contribute additional amounts to IRAs and employer-sponsored plans, helping them accelerate their retirement savings if they began late or need an extra boost.

Action Steps

1. **Check Current Limits:** Contribution limits change over time. Stay updated with the IRS rules for catch-up contributions for IRAs, 401(k)s, 403(b)s, or SIMPLE IRAs.

2. **Automate the Increase:** To ensure you take full advantage, set your contribution percentage to automatically increase each year, or earmark any salary increases/bonuses directly to your retirement account.
3. **Review Your Retirement Projections:** If you're behind on your goals, catch-up contributions can be a powerful way to close the gap.

Key Takeaways

- Catch-up contributions allow you to save more during your peak earning years.
- Regularly review how these extra contributions can impact your timeline for retirement.
- Leverage raises or windfalls to maintain or increase your savings rate.

Milestone 6: Planning for Healthcare and Long-Term Care

Why It Matters

Healthcare expenses can be one of the most significant costs in retirement. Planning for these expenses—not just for routine care but also long-term care (LTC)—can help protect your nest egg.

Action Steps

1. **Understand Health Savings Accounts (HSAs):** If you have a high-deductible health plan (HDHP), consider contributing to an HSA. Contributions are pre-tax (or tax-deductible), grow tax-free, and withdrawals for qualified medical expenses are also tax-free.
2. **Research Long-Term Care Insurance:** LTC insurance can help cover costs for nursing homes, in-home care, and assisted living. The earlier you purchase coverage, the more affordable it may be, subject to underwriting.
3. **Estimate Healthcare Costs in Retirement:** Use budgeting tools or consult with a financial advisor to estimate costs, including Medicare premiums and possible gaps.

Key Takeaways

- Plan early for healthcare and LTC expenses; the costs can be significant.
- HSAs can be a powerful tool for medical savings and tax advantages.
- Consider LTC insurance as part of a holistic retirement plan.

Milestone 7: Navigating Social Security

Why It Matters

Social Security can be a major source of income in retirement. The decision of when to start taking benefits can greatly impact the total amount you receive over your lifetime.

Action Steps

1. **Determine Your Full Retirement Age (FRA):** For most people, FRA is between 66 and 67, depending on your birth year. Delaying benefits beyond your FRA increases your benefit amount up until age 70.
2. **Evaluate Early vs. Delayed Filing:** Starting benefits at age 62 reduces your monthly payments. Delaying beyond your FRA increases them. The “right” choice depends on your health, longevity, and overall financial situation.
3. **Use the SSA Tools:** The Social Security Administration provides calculators to help estimate your benefits. Or work with a financial advisor to run break-even analysis and strategize when to file.

Key Takeaways

- Timing can significantly affect your monthly Social Security benefit.
- Weigh longevity, current savings, and spousal benefits when deciding when to file.
- A strategic approach can maximize lifetime benefits.

Milestone 8: Solidifying Your Estate and Legacy Plans

Why It Matters

Estate planning isn't just for the wealthy. It's about ensuring your assets pass efficiently to your heirs or preferred charities while reducing taxes and complications. It's also about having clarity on healthcare directives and financial power of attorney if you become incapacitated.

Action Steps

1. **Draft or Update Essential Documents:** This includes a will, durable power of attorney, and healthcare directives (living will, healthcare proxy).

2. **Review Beneficiary Designations:** IRAs, 401(k)s, and insurance policies bypass the will and go directly to named beneficiaries. Make sure these designations match your current wishes.
3. **Consider Trusts:** Depending on the complexity of your estate, trusts (revocable or irrevocable) might be appropriate to help manage taxes and simplify transitions.

Key Takeaways

- Proper estate planning can help protect your loved ones from unnecessary stress and confusion.
- Keep your documents and beneficiary designations up-to-date to reflect major life changes.
- Consult an estate attorney or financial advisor for personalized guidance.

Milestone 9: The Final Pre-Retirement Checkup

Why It Matters

As you get within five years of your target retirement date, it's time to take a deeper dive into the details of your financial picture. This final checkup can help you make any necessary adjustments before you exit the workforce.

Action Steps

1. **Assess Your Retirement Income Sources:** Review expected Social Security benefits, pensions (if applicable), annuities, and investment income.
2. **Finalize Healthcare Coverage:** If you plan to retire before Medicare eligibility, figure out how you'll cover the gap. Even after 65, factor in supplemental insurance (Medigap or Medicare Advantage).
3. **Plan Your Withdrawal Strategy:** Map out which accounts to tap first and how to handle required minimum distributions (RMDs) once you reach age 73 (or per the current IRS guidelines).

Key Takeaways

- Clarify your retirement budget and align it with your savings.
 - Healthcare planning and withdrawal strategy are critical to avoiding surprises.
 - Fine-tuning these details helps ensure a smoother transition into retirement.
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Milestone 10: Transitioning into Retirement

Why It Matters

The transition from earning a steady paycheck to living off your savings and retirement income sources can be both exciting and challenging. Having a plan in place for your first years in retirement can help you manage your finances, maintain a fulfilling lifestyle, and safeguard against unforeseen pitfalls.

Action Steps

1. **Set a Retirement Budget:** Determine your monthly or annual spending limit. Include activities and hobbies that will bring joy and purpose in retirement.
2. **Decide on Any Post-Retirement Work:** Some retirees prefer part-time work or consulting for extra income. Factor these possibilities into your plan.
3. **Stay Flexible:** Life changes—both positive and negative—are inevitable. Plan for contingencies to give yourself the freedom to adapt without financial strain.

Key Takeaways

- Budgeting in retirement can help ensure your assets last as long as you need them.
 - Consider part-time work or consulting if it aligns with your lifestyle goals.
 - Remain flexible and revisit your plan annually to adjust for changes.
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Conclusion

Reaching retirement is not just about hitting an arbitrary age—it's about achieving financial independence, having confidence, and living a life aligned with your values and passions. The ten milestones we've outlined provide a roadmap to help you check off crucial items on your retirement to-do list.

Remember, no retirement journey is one-size-fits-all. Personal circumstances, market conditions, and changing life goals will impact your decisions along the way. If you find these milestones challenging or want a more personalized approach, consider working closely with a financial advisor, tax professional, or estate attorney.

Key Reminders:

- **Start Early:** Let compounding work in your favor.
- **Stay Organized:** Keep track of your accounts, beneficiary designations, and important documents.

- **Be Proactive:** Review and adjust your plan regularly as life circumstances and financial markets change.

With thoughtful preparation and consistent monitoring, you can confidently move through each milestone on your path to a happy and secure retirement.

Disclosures and Disclaimer

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