RETIREMENT PLANNING

Protect Your Retirement: Seven Things You Can Do Right Now

Whether you're preparing to retire or already retired, a proactive plan is critical to help safeguard your retirement, especially amid uncertainty.

(Image credit: Getty Images)

Entering retirement is a significant milestone in life, and it can bring both excitement and fear.

For some people, retirement means freedom — from deadlines, stress and the grind of going to work nearly every day for decades. They can't wait to take it easy, spend more time with friends and family and do whatever they want.

Those fears are not unfounded, especially during times of spiking inflation, volatility, rising interest rates and predictions of a coming recession.

It's never been a good idea to "wing" retirement. But these days, whether you're already retired or preparing to make the leap, it's critical to have a proactive plan built to protect your future — no matter what.

Retirement planning is about much more than investing. It's about prioritizing your goals and figuring out what's required to achieve those goals. And it's about preserving what you already have as you move through the different phases of retirement, whether you're dealing with inflation risk, interest-rate risk, market risk, high health care costs or longevity risk. Your comprehensive plan should include investment planning, income planning, tax planning and estate planning.

Here are seven things you can do right now to help safeguard your retirement:

1. Have a Vision.

This seems like a no-brainer, but you'd be surprised how many people — especially couples — haven't given much thought to what they want to do in retirement. They don't know what their location, lifestyle or future needs and wants might look like as they age. (Just in case you're wondering, "I want to buy a boat" is not a retirement plan.)

2. Put a (Realistic) Price Tag on Your Goals.

Once you've come up with your retirement objectives, you can create a budget based on your estimated expenses, including housing, transportation, health care and leisure activities. Yes, it can be difficult to predict what some costs might be far into the future, but this exercise will help you grasp how much you'll need to maintain the lifestyle you want — and deal with some pitfalls along the way.

3. Create an Income Plan.

Once you have a better idea about your costs, you can create an income plan. This means figuring out all the income streams you expect to tap in retirement (Social Security, a pension, workplace retirement plans, other investments, etc.)

If you have a shortfall between the money coming in and the money going out, you'll need to come up with a way to cover the difference. (Save more? Spend less? Work part-time in retirement? Delay retiring or claiming Social Security for as long as possible?) The sooner you know what you're facing financially, the sooner you can work to remedy any problems.

4. Evaluate Your Asset Allocation.

Asset allocation is the process of dividing your investment portfolio among different asset classes, such as stocks, bonds, cash and cash equivalents. The goal of asset allocation is to create a diversified and balanced portfolio, which can help reduce risk and increase returns over the long term.

A financial adviser can help you determine the right asset allocation for your retirement portfolio based on your risk tolerance, investment goals and time horizon.

5. Hope for the Best; Plan for the Worst.

When soon-to-be retirees dream of retirement, they typically picture themselves on the golf course, traveling or playing with their grandkids. The good stuff. But it's important to prepare for whatever life throws at you through the years. This could mean:

- Choosing the right Medicare plan to fit your individual needs.
- Considering how you might cover the rising cost of long-term care (with long-term care insurance, for example, or another available option).
- Ensuring your surviving spouse is taken care of if you die first (with life insurance, the right Social Security claiming strategy, etc.).
- Drawing up an estate plan to leave a legacy for your loved ones if that's a priority for you.

NYSUT NOTE: Are you looking for expert guidance on quality, competitive insurance plans and benefit programs that can help with the issues listed above? The NYSUT Member Benefits Corporation has you covered. From estate planning to life insurance to savings plans and debt management, The NYSUT Member Benefits Corporation offers a range of programs and services specifically for NYSUT members and their families. Visit the NYSUT members website to review the programs and services available today.

6. Don't Forget About Taxes.

People tend to underestimate the bite taxes can take from their retirement income every year. If you have a tax-deferred retirement plan (401(k), 403(b), etc.), you'll pay taxes on your withdrawals. You also may be required to pay taxes on a portion of your Social Security income. Some strategies can help minimize the damage taxes can do in retirement.

Still, the sooner you put your plan in place (by gradually converting some of your retirement savings to a Roth IRA, for example), the better off you'll be.

7. Work With a Financial Adviser.

Can you create a do-it-yourself retirement plan? You can. But nearly every action I've listed here would be better managed by a professional. A good financial adviser can assist you through every step of retirement planning, from goal setting and guidance to implementing your chosen strategies. And with regular financial checkups, your adviser can help ensure your plan stays on course.

Like any important milestone, retirement takes planning. And a bit of courage. If you're feeling anxious about your financial future, especially in these uncertain times, a solid plan could help you get on track so you can reach your retirement goals.

NYSUT NOTE: Protect your retirement by developing a solid plan, which a trusted advisor can help you do. NYSUT Members have access to the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program, which offers a team of Certified Financial Planners® and Registered Investment Advisors that provide members with financial counseling services. These advisors can provide you with unbiased advice that is customized for your specific situation. Start safeguarding your retirement now by visiting the website and enrolling today.

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