



A 5-Year Countdown to Retirement

Five years before they retire, older workers start focusing seriously on the big changes ahead, says Emily Guy Birkin, in her book, *The 5 Years Before You Retire: Retirement Planning When You Need It the Most*.

In those last few years, you can get a lot done. Here is a countdown of some of the tasks needed to prepare for retirement.



FIVE YEARS TO GO...

Estimate—Consider your health and family history to estimate your lifespan and to determine how long your retirement funds need to last.

Calculate—Add up your monthly retirement income (without windfalls or inheritances) from:

- Pensions (including any cost-of-living adjustment)
- Social Security (estimate benefits by going to the Social Security Administration website: www.ssa.gov)
- Other income—a rental property or part-time job, for instance
- Assets you'll sell, such as real estate or a business
- Income from retirement accounts
- Annuities, municipal bond dividends and interest

Build up—Collect every penny of an employer's 401(k) match; in addition, consider increasing your retirement savings by at least one percent.

Anticipate—Use online retirement calculators to see if your savings and income will last for your projected lifespan; take inflation into account.

Insure—Consider disability insurance if the inability to work could upend your plans.



FOUR YEARS TO GO...

Budget—Itemize an entire year's spending to create your retirement budget. Include out-of-pocket medical costs, long-term care, taxes and inflation.

Pay down—Retire all debt possible, including mortgages, vehicles, credit card balances and other loans.

Plan—Think about downsizing. If you're going to stay put for now, research fallback options for the future.

Insure—Price long-term care insurance and weigh pros and cons. If someone depends on your income, consider purchasing life insurance.

Consult—Talk to your financial advisor for help on running your numbers on sophisticated planning software, spot planning gaps and refine your investment strategy.



THREE YEARS TO GO...

Catch up—Complete postponed home-maintenance tasks. If possible, get ahead of anticipated repairs and replacements.

Decide—Contact the Social Security Administration to learn about taking benefits earlier rather than later, and choose when you'll claim your benefits.

Study—Learn all you can about converting savings to an income stream; and plan how you'll withdraw your funds, including how to meet required minimum distributions.

Supplement—If money will be tight, find a second source of income. For example, take in a boarder or start a business on the side.

Assess—Decide the bare minimum you need for a comfortable retirement. Can you fill any income gaps or should you adopt a longer horizon?

TWO YEARS TO GO...

Test—Live on your retirement budget to see where it needs adjusting.

Plan—Write a will and consider establishing a trust. File healthcare directives and appoint a legal power of attorney.

Disconnect—Tell adult children, lovingly, that they're on their own financially.

Regroup—If you can't afford to retire, then don't, says Birken. Run your worst-case scenario with a financial planner and work longer, if possible. Delay collecting Social Security and cut spending to the bone.

ONE YEAR TO GO...

Decide—Contact the Social Security Administration to learn about taking benefits earlier rather than later, and choose when you'll claim your benefits.

Roll over—Plan whether and where to roll over workplace savings when you retire.

Replace—Buy new vehicles to replace older ones.

Sign up—Research Medicare and supplemental medical plans and enroll in Medicare three months before your 65th birthday.

Consult—Seek professional help before withdrawing income from your retirement portfolio.

Don't delay. For help planning for your retirement, contact your [financial advisor](#) today.

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