

# FIVE RETIREMENT POINTS FOR FIVE YEARS BEFORE YOU RETIRE

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Retirement is an exciting prospect for many and choosing how to spend your retirement could likely be based on the planning you do today. For example, have you considered your plans for housing, healthcare, and travel expenses? If you are wondering how to get started, here are five points to consider within five years of retirement.

- 1) **Point One - Estimate your monthly income and allowances.** The monthly amount could decline based on a lesser need for extras, but it could also quickly change based on your health or family circumstances, so estimating on the higher side could help. Also, consider readjusting or reallocating your portfolio and evaluating other income-producing and growth investments. And last, don't forget to include any Social Security or Required Minimum Distributions.
- 2) **Point Two - Where will you live?** Have you considered relocating to a state that doesn't require as many taxes? Many retirees consider downsizing to lower expenses, or plan to move closer to family to help care for grandchildren or loved ones. Overall, there can be many benefits to living closer to family as you age.
- 3) **Point Three - Consider your debt and taxes.** Retiring to a lower income tax bracket is possible. Considering a one-time tax hit, moving from a traditional IRA to a Roth IRA could eventually produce a source of tax-free retirement income. But before you make any decisions, talk with a qualified tax professional to see if this move is right for you. Income and age restrictions may apply.
- 4) **Point Four - Healthcare costs.** Will you apply and be eligible for Medicare and will this cover your present and future needs? It is possible you or a loved one may need long-term care at some point during retirement and this could affect your overall bottom line.
- 5) **And last and possibly the most important, Point Five - What will you do?** How do you dream of spending your days? Will you take time to travel and see the world, or would you prefer to keep closer to home and pick up a new hobby? However you see your retirement it's important to make sure your finances can support your overall goals.

Planning for retirement involves setting goals and a defined strategy toward those goals. Whatever your plans are, make sure you have made all of the arrangements beforehand so you can live your retirement as confident as possible.

**Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax-free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax.**

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**This material was prepared by LPL Financial, LLC**