Retirement Planning Survey Report

For: Fred Mirage
Age: 65

And: Sue Mirage
Age: 62

This report is being provided as a free service from a survey completed by Fred Mirage and Sue Mirage. The retirement issues in this report are derived from “yes” or “no” responses to the 23 questions in that survey. Some issues are important and require immediate attention and some issues can be addressed down the line as time permits. Page 2 of this report provides a listing of each particular issue we feel needs your attention. Beginning on page 3, each issue is discussed in more detail along with recommendations and offers for assistance from our organization. Please feel free to contact us if you have any questions. We will follow up after you have had a chance to review this report to see if we can help in any other way.

Prepared by Lori Swift

loriisswift@mail.org
555-555-5555
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For Fred Mirage and Sue Mirage
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Here are the issues from the 23-question “Retirement Planning Survey” completed by Fred Mirage and Sue Mirage. Some issues may require immediate attention and others can be addressed in the future. We believe these issues are important and taking action to address them will result in a better retirement as well as the generation of more retirement income, the retention of assets and the avoidance of family disputes and other undesirable outcomes. The issues are discussed in greater detail along with suggestions and recommendations starting on page 3.

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1 Experiencing Changes in Lifestyle

For some, the decision to retire is a forced decision. Perhaps there was a reduction in workforce, perhaps a buyout for early retirement, perhaps a change in health, necessitating retirement, perhaps a health change in a spouse, perhaps the need to provide care for an aging loved one and so on. For others, the decision to retire is not forced, but sometimes made too hastily. Lifestyle changes often occur after retirement due to a move to a different location, disability or death of a spouse, starting a new career, starting a new business and so on. As part of your retirement planning, you should plan for as many issues as you can that will affect your lifestyle. We can help you identify and plan for these issues.

2 Using the Equity in Your Home

For most people, the equity in their home is their largest single asset. Unfortunately, this equity is not available for use. One might argue that a home equity loan makes it available for use, but the loan also sets up an additional expense requiring repayment and converting the cash loan from the equity back into equity again. Home equity loans also require good credit and a source of income. The only way to get to the equity without a repayment obligation during the life of the homeowner is a reverse mortgage. A reverse mortgage also does not require a credit rating or an income source for repayment. We can help you determine the amount of net proceeds you could obtain from a reverse mortgage.

3 Seeking a New Place to Live in Retirement

For some, relocating to a warmer climate or being closer to nature or spending time close to the ocean is a very alluring prospect for retirement. It sounds exciting to do a lot of traveling or to buy into a retirement living community or move into an area where other retirees are living. Careful thought must be given to such a decision. For example, investing equity for a lifecare community could trap a retiree into an inescapable living arrangement. Likewise, moving too far away from family and then needing long term care can cause all kinds of problems. You should identify the pluses and minuses of relocating to help you make a better decision with such an important move.

4 Taking Social Security

Some individuals take Social Security as soon as it is available - at 62 - whether they are still working or retired. Ostensibly, the idea is to get as much out of the system as possible for the remainder of their lives. This decision, without careful analysis, is often a detriment to future cash flow and thwarts the need for increased income due to care costs and unexpected medical costs in older years. It is important for you to understand when to take Social Security to maximize the benefit as well as how to dovetail early Social Security with employment income prior to full Social Security retirement at age 66. There are also strategies available relating to the taxation of Social Security.

5 Choosing Pre-Retirement Asset Allocation Strategies

Where you invest your money in retirement savings investments or employer-sponsored plans or in an IRA or small business retirement plan has a bearing on future growth. All studies that have been done going back over 100 years show that over long periods of 10 years or more, stocks always do better than bonds or fixed interest or even real estate. All pre-retirement accounts should allocate a certain portion of the investments to stocks. The rest can be allocated to bonds, possibly real estate and fixed interest. There are valuable recommendations from investment experts as to what strategies you might use to possibly realize better earnings on your retirement investments over your growth horizon.

6 Choosing Post-Retirement Asset Allocation Strategies

The allocation between stocks, long-term bonds and short-term or fixed interest accounts post-retirement should generally be more conservative than the allocation used for pre-retirement. This is because retirement savings investments now need to produce income. Taking income when the account is depressed due to a poor stock market, removes money invested in shares that could have rebounded when the market recovered. That opportunity is now lost. There are valuable allocation recommendations from investment experts as to what strategies you might use for balancing your retirement funds with percentage portions in stocks, long-term bonds and fixed interest accounts.

7 Planning for Taxes with Tax-Advantaged Savings Plans

One of the pernicious effects of tax qualified plans or tax-deferred plans (annuities) for retirement is that most people who have these plans and are retired don't like paying income tax on withdrawals. This often results in money sitting in these accounts when it could be used to augment income or pay for unexpected health care costs. Even though tax qualified plans such as 401(k)'s or IRA's or 403(b)'s require minimum distribution amounts (MDA's) at age 70 1/2 or 75 for the 403(b) accounts, most people only take the minimums and leave the rest with the intent of passing it on to the next generation. There are a number of ways to deal with these types of accounts and their taxation.

8 Signing up for Medicare and Medicare Supplement Plans

Medicare at age 65 has some coverage holes that encourage retirees to buy Medigap coverage -often called Medicare supplement coverage. Not only are there deductible and co-pays with traditional Medicare, but long stays in a hospital could become financially prohibitive. In an effort to avoid any risk, retirees will purchase supplement plans that cover 100% of all costs. Unfortunately, the cost of these plans increases with age and we sometimes find older individuals paying almost a third of their income for these plans. A less expensive supplement plan or a Medicare Advantage Plan with more out-of-pocket costs might be a better choice. We will help you evaluate the various plans available.

9 Providing for a Funeral and Burial

Your survey indicates that you have not properly prepared for a funeral and burial. This type of planning can include prepaid funeral and burial plans, prearranged funeral programs or life insurance specifically designated to cover the cost of funeral and burial. Unfortunately, life insurance or other money set aside for this purpose might be wiped out in the event of an application for Medicaid services. In other words, policy cash value may have to be spent first thus destroying the death benefit. In addition, life insurance can be a valuable planning tool for other issues in your final years. We can help you design a plan that will protect money from Medicaid spend down, and provide coverage for other purposes.

10 Obtaining Veterans Benefits

Our analysis indicates that you or your spouse or both of you are veterans. If you or a spouse are a living veteran there may be income benefits for you based on your service. You can also be eligible for free healthcare with the Department of Veterans Affairs as well as inexpensive prescription drug benefits. In addition, there are benefits for disabled veterans for loan guarantees and education subsidies for their children and spouses. If you are the spouse of a deceased veteran, there also might be benefits available to you. We can help you find someone who is qualified in the area of veterans benefits who can provide information as to whether you are eligible for anything or not.