

Are You Retiring Within the Next 5 Years?

What to focus on as the transition approaches

Provided by Scott E. Holstein, CPA, PFS, CFP®

You can prepare for the transition years in advance. In doing so, you may be better equipped to manage anything unexpected that may come your way.

How much monthly income will you need? Unfortunately, there is no "magic" number for everyone to strive for. Instead, examine your monthly expenses, considering any trips, adventures, or pursuits you have in mind for the near term. As a test, you can even try living on your projected monthly income for 2-3 months prior to retiring.

Should you downsize or relocate? Your home is not only a significant asset, it also represents a significant part of your lifestyle. After all, our homes are often a reflection of who we are. It follows that the decision of how much home we want—or need—may vary with each situation; it is not strictly a financial decision. However, if you are considering downsizing or relocating, the financial component of the decision should be considered thoughtfully.

How should your portfolio be constructed? For many retirees, the top priority is generating consistent income. With that in mind, your financial professional can adjust your portfolio with respect to your time horizon, risk tolerance, and goals. For example, some retirees prefer to maintain an amount of risk-averse investments that can provide income during retirement. However, even the most risk-averse investments aren't immune to risk entirely.

How will you live? Whether you dream of endless Saturdays or dedicating your time to volunteering, remember that retirement is a beginning. Ask yourself what you would like to begin doing now. Think about how to structure your days to pursue that goal, and give it a shot! There's no better way to prepare for what may come, than to practice in the present.

How will you take care of yourself? If you retire before age 65, Medicare may not be an option. If you're considering early retirement, check if your group health plan extends certain benefits into retirement.

Even if you retire at 65 or later, Medicare may not be your ideal solution. Consider items Medicare doesn't traditionally cover, such as extended care or other specialized medical services.

Review your retirement strategy as the transition approaches. Give your financial professional a call today. An adjustment or two before retirement may be all you need for a successful next chapter.

Scott E. Holstein, CPA, PFS, CFP® may be reached at 800.458.9330 or info@prudential.com.

www.prudentwm.com

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