



## “Big Picture” Retirement Planning

What makes a "successful" retirement? The answer for many people is: Retire with enough money saved to live through all the years of retirement with some degree of financial security. Of course, financial security is a critically important retirement goal. But it's not the only component of a truly successful retirement. Other factors can also play an important role. To help you envision the big picture, consider:

### **What Makes You Happy?**

This is an important consideration. Do you derive the greatest happiness from being around your family and other loved ones? Do you thrive on social interaction or do you prefer solitude? Do you have hobbies or other interests that you enjoy? Do you find that travel and exploring new places are important to your well-being? A deep understanding of what makes you happy can influence where you live, how much spending money you'll need, and whether your retirement savings will last.

### **Where Will You Live?**

Family ties and their importance can influence whether you'll want to stay close to where you are living now or spread your wings and retire to a different area. The opportunity to access recreational and cultural events, educational programs, reliable transportation, and excellent health care facilities and providers are additional factors that can contribute to a satisfying retirement.

Your financial health also could be a factor when you are deciding where to live. You may need to downsize if the cost of keeping up your current home eats up too much of your retirement income. However, if you have done well saving for

retirement, you will have more options. Thinking about where you may want to live in retirement long before you actually retire will give you time to strategize about how much you need to save to achieve your goals.

### **What Will You Do With Your Free Time?**

Post-working life may leave you feeling aimless and discontented if you can't find ways to occupy yourself. You'll find retirement more satisfying if you have activities that are meaningful and pleasurable. You may want to volunteer for organizations in your community or try different hobbies well before retirement to see if these activities will capture your interest. It can be particularly satisfying if you can find some way to share particular skills or knowledge you have with others in your community.

### **Will Health Be an Issue?**

Exercising, eating a healthy diet, and avoiding stress now can pay off big in retirement. Good health in retirement means that you will be able to be active and do more things you may enjoy, such as taking trips to see places you've always dreamed of seeing. Moreover, health care is expensive. Even with Medicare or other health insurance, out-of-pocket medical expenses can add up. So it pays to stay as healthy as possible and to have a strategy in place before retirement to deal with anticipated medical expenses that you or a loved one will incur.

### **What About Taxes?**

State income tax rates vary, and some states tax Social Security payments while others do not. There also can be significant differences among localities when it comes to property and sales taxes. If your tax burden is significant, it can be worthwhile to consult with a tax professional to see how beneficial it might be to move to a lower tax area in retirement.

### **What Will Your Retirement Look Like?**

A successful retirement requires clear, unemotional thinking about the type of life you want when you are no longer in the workforce. It requires holistic planning and a commitment to save as much as you can afford so that you will have enough money to lead your retirement life on your terms. Talk with your financial professional for ideas on how you can see the big picture when it comes to retirement planning.



## **Is Your Home A Retirement Asset?**

*Some questions you should ask yourself if you plan to rely on the equity in your home to finance some or all of your retirement...*

After years of making mortgage payments and tending to repairs and improvements, you may have a large investment in your residence by the time you retire. Maybe you're planning to finance your retirement with some of that investment. But before you count home equity as part of your retirement savings, ask yourself a few questions.

### **How much equity are you likely to have?**

You can estimate this amount by subtracting how much you'll still owe on your mortgage and home equity loans when you retire from how much you expect your house to be worth.

### **Will you want to sell your home?**

There are basically two ways you can turn home equity into cash for your retirement: sell your home or take a reverse mortgage. In general, your most practical option will be selling, so think about whether you'll be willing to go that route when the time comes.

### **How much will a new home cost?**

You'll need a place to live after you sell your home. Renting is one option. But, if you'd rather own your home, you'll have to buy another property. So the next step is to think about where you want to live and how much you'll have to pay to buy a home there.

### **What's the bottom line?**

To add anything to your retirement savings, the new home you buy will have to cost less than the amount of equity you unlock when you sell your old home.