Great outcomes. Done well.

Are you ready for retirement?

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Many Americans are counting on Social Security to get them through retirement, and while it should be a part of your plan, it almost certainly won't be enough on its own. Like any investment goal, retiring the way you want requires planning. By taking the time to consider both what you have and what you want, you can work out what will be important to you in retirement and how you can achieve it.

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What You Should Know:

1. Run the numbers!

Putting together a projection that considers future income sources, spending needs and lifestyle goals can help you determine if your assets will support the retirement you want. It may also help identify opportunities to maximize the benefit of your retirement assets.

- The closer you get to retirement, the more detailed your projections should be. Be specific and realistic about where you plan to live and the pastimes you'll pursue.
- In many cases it's wise to pay off fixed expenses while you're still working. For example, you may consider delaying your retirement date until your mortgage is paid off.
- If your children are out on their own, you may decide you have more house or car than you need. There may be a financial benefit in "trading down" for something smaller.

2. Check with former employers.

After a lifetime of working for different employers, you may have participated in multiple retirement plans. Consolidating those resources into your retirement projection could make a big difference in achieving the goals you set.

- Those who have a pension may get to choose how it gets distributed (e.g., single or joint annuity or a lump sum). That decision could have a profound effect on your retirement income.
- Make sure you didn't leave funds in a previous employer's 401(k). Rolling those funds into your current plan or an IRA can help ensure they're working in conjunction with your other investments.

3. Review your portfolio.

Because it's one of the most important sources of income in retirement, you should make sure the amount of risk in your portfolio is appropriate for this new stage in life.

- After a lifetime of working, you may have accrued concentrated positions in your employer's stock. Retirement is a good time to pare those holdings back in favor of diversification.
- Although there may be a role for bonds in your portfolio, remember that people spend on average one-third of their lives in retirement. Most will need to maintain more growth and income in their portfolios than bonds alone typically provide.
- Diversification, both within and among asset classes, is especially important in retirement, when investors may not have the income to counter a downturn in the market.

What You Should Do Now:

To truly be "retirement-ready," it's important to take careful stock of your assets, cash flow and expenses, and to make realistic projections of what your life will be like after you've stopped working. Your financial advisor can help you make sure your retirement goals are achievable and you're making the most of what you have. ■

Diversification does not ensure a profit or protect against loss.