

Retirement Planning Survey Report

For: William Savage

Age: 67

And: Fidelity Savage

Age: 67

This report is being provided as a free service from a survey completed by William Savage and Fidelity Savage. 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.

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For William Savage and Fidelity Savage
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Here are the issues from the 23-question “Retirement Planning Survey” completed by William Savage and Fidelity Savage. 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 Deciding When to Retire

For some, the decision to retire is not that hard. Some people are tired of working and wish to change to a life of leisure. But, this attitude towards retirement is sometimes misguided. After the first few years, the freedom from work may not be that satisfying. Many other factors figure into retirement decisions such as maintaining enough income, when to take Social Security, where to live or what to do instead of sitting around all day or golfing five days a week or spending long hours in front of the TV. Finding new hobbies or activities or going back into the workforce are retirement options for many. Before making a decision, you should review the pros and cons of when to retire.

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 Living on Less, Budgeting and Downsizing

It is important to understand the important elements of enjoying as successful a retirement experience as you can. For many, retirement can represent about a third of their lives. If income is limited, expenses need to be anticipated and budgeted. This might include the cost of housing, the cost of over insuring, the cost of transportation, the cost of recreation and travel, unexpected healthcare costs and the cost of debt. Downsizing to a smaller home and freeing up equity to pay off debt and create income is one alternative. Relocating to a less expensive area to live is also an alternative. Some people move to a foreign country to enjoy a higher standard of living due to a favorable exchange rate.

4 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.

5 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.

6 Taking Advantage of Retirement Savings and Employer 401(k) and 403(b) Plans

Even if you are fairly close to taking your retirement, it is not too late to take advantage of various individual retirement savings plans as well as employer-sponsored 401(k) plans or 403(b) plans which are available to employees of educational institutions or nonprofit medical providers. The reason for this is that you may not draw on that money that you set aside now for many years in the future. Increasing donations or starting new individual retirement savings plans now will give you the opportunity for growth on that money being set aside for some future date. People are living longer and might have a good 10 to 20 years before they need to start drawing out income from money put away now.

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 Understanding Estate Planning and Legal Issues

Making legal decisions about property, finances, power of attorney and last rights are important tasks to complete in planning for retirement years. Having legal documentation for your will, assets, and whom you designate to be responsible for your welfare can avoid family disputes and abuse of your person and finances. Proper planning might also conserve your assets for your final years. Another issue is making sure that designated assets transfer properly to those heirs whom you want to inherit those assets. We will help you assess your current estate planning needs and potential other legal issues that you might be encountering and provide the proper legal advisor to help you.

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.