

A CONVERSATION WITH

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How should health care factor into my retirement savings as I get older?

You need to really understand the costs, and what you want your plan to look like in case of illness or disability. Are you single? Are you married? How is your health today and what is your family history? You need to plan for the everyday health expenses, with an eye toward how much health care costs are increasing, and what more catastrophic care expenses could be. Studies show that on average a 65-year-old needs \$285,000 currently to just pay for health care premiums—no long-term care, just average annual health care needs.

Is paying off my mortgage an important goal before retirement?

For some it is vital, as they don't have the savings to support the house expense in their everyday retirement budget, but for others it may not matter at all. Home equity can be an important part of an overall retirement plan. That is why financial planning is so important. It can help you define where and how you should allocate your money—today and in the future.

How do I determine how much money I'll actually need in retirement? In this region, is \$1 million too much? Not enough?

How much money people need in retirement is not a single magic number. Individuals have different lifestyle factors that drive how much money they must save to be able to retire with confidence. How old are they, what sources of income they have, how is their health, how many people are in the household and what spending they anticipate. That is the beauty of financial planning and using goals to drive your outcome. You have a concrete understanding of where and how to save to meet your specific number to be able to retire with confidence that you won't outlive your money.

How can I minimize tax obligation, especially in retirement?

Tax planning is a vital part of your financial plan at all stages of your life. During retirement, we want to make your taxes as stable as possible. To do that you need to get prepared early! You must consider how much income you need, what the income limits are to avoid higher Medicare premiums, and for social security taxation. Then we build an income plan with appropriate distributions from multiple kinds of tax money—some that is not taxed, some that has a little tax and, if necessary, some that is fully taxable.

What should be on my financial checklist as I'm prepping for retirement?

Really consider what you want for your lifestyle. If you want to travel the world, price out what that type of trip looks like, then how many of those per year would you want to take. Do a good inventory of your everyday essential living expenses. How much is the insurance premium for your home or car? Know all your latest sources of income and make sure your Social Security earnings look right. What benefits do you have at work that you may be eligible to keep? Do you need to do that? Make sure you don't ignore disability in retirement. That is going to be a huge issue as we age. Do you have the right estate planning documents, and do you have a plan for if there is a disability?