Financial Planning:

According to the Boston College Center for Retirement Research, "working longer is the key to a successful retirement for most households." It's important to understand that working longer doesn't necessarily mean working forever.

The report goes on to note that while most households are unprepared for retirement at age 62 (the earliest you can take Social Security), those that work until age 70 substantially improved their "retirement readiness". Increased longevity, less physically demanding jobs, and better overall health, means people who have the ability to work longer may want to consider the option.

For members of the clergy whose retirement age tends to be slightly later, this creates a real opportunity for those willing to plan accordingly.

Whether its retirement income planning or long term care planning, it's never too soon to review your retirement objectives. Reviewing your assets and your current income can help you calculate how much income you think you will need once you are retired. A financial planning analysis will also help you anticipate how much additional income your savings can reasonably be expected to provide, in addition to any pension or Social Security income you may receive.

If you have a number of years before retirement, it's important to consider a portfolio that is in line with your risk tolerance, but also one that will provide sufficient long term growth to provide a hedge against inflation.

If retirement is somewhat sooner, the importance of making sure you understand your income needs and where your income will come from (i.e. Social Security, pension, personal savings) is crucial to the success of your plan.

No matter where you are in the planning process, it's important to look for any changes that need to be made, and you should monitor your plan over time to help you stay on the path to a successful and fulfilling retirement.

Please see the enclosed checklist to get a sense of where you should consider starting your plan.

Planning in your 50's

This point in your career is when your income and your ability to save for retirement tend to be at their highest. To help you make the most of this time, here are some things to consider.

1. Save more where possible

- "Catch up" provisions allow you to contribute more to your retirement plans and any IRA you may have
  - You can now use extra "catch-up" contributions to both your retirement plan and IRAs. For 401(k)'s, the catch-up amount for 2012 is $5,500 above the contribution limits and adjusted for inflation in subsequent years. For Traditional and Roth IRAs, the catch-up amount is $1,000 above the standard limits, which are now annually adjusted for inflation.
  - Increase the amount you're already contributing to take full advantage of these catch-up opportunities to put aside "extra" dollars.
- Find out how long your savings could last with a Retirement Review.
- Don't assume your current contributions are enough
  - Depending on your goals and objectives, you may need to be saving more than 20% of your income while in your 50's.
  - Tax deferred retirement plan and IRA and Roth Ira contribution limits could mean you need to save extra in your taxable accounts like a brokerage account.
- Avoid taking early cash distributions from retirement accounts.
  - Withdrawing money from your retirement accounts before age 55 or 59 ½ (depending on the plan) can carry taxes, and penalties
- Consider adding extra lump sum payouts to your retirement savings
- Keep your emergency funds going to cover at least three to six months of expenses.

2. Review and update and changes to your retirement plan

- Are you on track? Make sure you know how much you should be saving.
- Ensure your portfolio and asset allocation is aligned with your goals.
- Consolidate your accounts from previous jobs into your current employer's retirement plan (if the option is available) or into an IRA Rollover to help you better manage your money and investment allocation.

3. Protect yourself from the unexpected

- Review your life insurance protection to provide appropriate resources for family or siblings.
- Look into the different options and costs about long-term care insurance.
- If you own a home, make sure your home is protected with homeowner's insurance.

4. Develop your income plan

As you move into your 50's, you have a better sense of how much you might need in retirement income and when you might want to retire. Your current retirement savings and projections can be more finely tuned as you get closer to be once you reach retirement age.

- Identify your possible sources of income for retirement.
- Review what your monthly expenses will be.
- Understand the risks. For example:
    - Longevity
    - Healthcare Costs?
    - Inflation?
    - Withdrawal Rates?
    - Will there be a need for additional lifetime income and would an annuity help improve your retirement income picture to help you meet essential expenses in retirement.

Solares Hill Advisors
www.solareshilladvisors.com
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617-306-1572