



**COMPASS**  
PLANNING ASSOCIATES

Fee-Only Financial and Investment Planning

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## On Course

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Welcome! Retirement! Most everyone dreams of that day, but, as it nears, questions and doubts begin creeping in about how to make sure retirement will work. Whether your retirement is near or far away, check out our tips on how to prepare for a fulfilling and financially secure retirement.

If you want to plan for a smooth retirement, remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

## Retirement

**Working toward retirement can be challenging. Below are some helpful, updated tips about how to plan for saving enough money to enjoy those years worry free.**

### First things first

It's important to create a vision of what your life will look like once retired. In order to know how much money you'll need, take some time to think through these questions:

- What activities and interests will you be involved in?
- What kind of home do you want? And where will that home be?
- Do you plan on moving, selling your current home, or adding another?
- Will you become snow birds?
- What hobbies or activities will you do with more free time?
- What transitions or changes do you foresee once you retire?
- Do you and your partner agree on all of the above? If not, how will you resolve your differences?

### Saving for retirement

In order to know what you will need, track what you spend now.

- Measure your current expenses. Use Mint.com, Quicken, or good old pencil and paper to track what you spend for your home, your health, and your hobbies. Pay particular attention to your day-to-day expenses, which add up quickly and tend to be the most surprising costs.

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Jennifer's Hint

Are your kids independent or at least well on their way?

Helping to make sure they're self-supporting well before you retire will minimize the number of emergencies you could have to help them with after you're retired and are on a fixed income.

**Get more tips in Jennifer's book**

- While you want to make sure you have money for unexpected expenses, by tracking what you spend now, you may see that you can predict most expenses you will have in retirement.
- If you do your calculations and find out that you will have to spend less in retirement, do a test run for six months to see if you can live within your retirement budget.

### Accounts in order

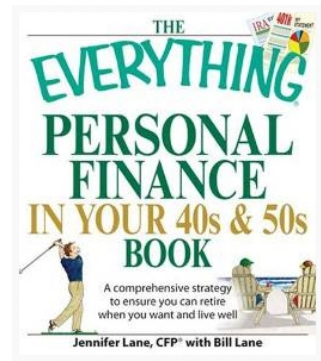
As you prepare for retirement years, you want to make sure your accounts are performing in a way that meets your overall financial plan.

- Make sure you are contributing to your employer-sponsored retirement plan, if available.
- Check to see if your employer offers a Roth 401(k) option. It might make sense to miss out on the deduction vs. paying the taxes later.
- Even if you're behind in savings, you don't want to be taking more risk than necessary with your asset allocation. Building a more aggressive investment portfolio to meet savings targets often backfires.

### Making the transition

When you retire, you will change from having a regular paycheck coming in to taking money out of savings. **For most people, this is the hardest part of retirement.**

- Schedule what you'll be spending on a monthly basis so you have time to withdraw or transfer monies as you need them.
- Six months to a year before retirement, set up a test run of the deposit from your investment accounts. It should help your peace of mind to see that deposit and know how you will get your retirement paycheck.

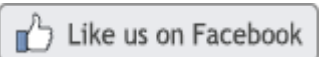


([click here for link](#) )

### Helpful Websites

[Mint.com](#)

[Quicken](#)



## Q&A

**Q: As part of my divorce settlement, my husband has to transfer money from his retirement account to me. How does that work.**

**– Christine, Dedham**

**A:** Christine, most likely the money will be transferred using QUADRO (qualified domestic relations order), which allows him to transfer all or part of a retirement account to your retirement account without penalty or tax liability. By using QUADRO, he won't have to take a formal distribution, which might trigger income taxes. QUADRO does require a court order so make sure to check your settlement documents carefully.

## What's New

- Jennifer's advice appears in an article, [When It Makes More Sense to Rent a Home Instead of Buying](#), which appeared in *Forbes Personal Finance*.
- Jennifer recently answered NECN viewer questions about [New Couples and Joint Accounts](#). Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit [www.facebook.com/AskJennifer](http://www.facebook.com/AskJennifer) and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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