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Welcome. We at Compass Planning appreciate the understanding and support from all of you as we move through this pandemic. Thank you.

Clients often ask about how to prepare for retirement. This month, we're giving you a quick checklist to help you understand the when and how of retirement.

For a more detailed breakdown of retirement planning, read the following series on retirement. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance planning for retirement, we are here to help you stay *On Course*!

Jennifer Lane, CFP



Don't forgo emergency-fund saving in order to contribute to a retirement plan. Retirement plan withdrawals are often taxable and can carry penalties, so you shouldn't rely on them for short-term expenses or emergencies. Be sure you have emergency money in a savings account as well as money invested toward your retirement.

Get more tips in Jennifer's book

The When and How of Retirement

An important part of retirement planning is deciding what you want your days to look like once you no longer have the structure of your working life. Creating an achievable goal is not only about building a

nest egg to support you, but also about planning activities and developing interests around what you would like to do after you retire. Following are things to think about.

How much is enough money to retire

- What's your number? Rules of thumb (like planning for a 4 percent or a 3.5 percent withdrawal rate) are a good place to start – they help put things in perspective.
- Your financial plan should help you understand how big the nest egg needs to be before you step away from working. You can help that planning by thinking about your life after work. Will you work part time, reduce your hours in stages, or completely retire to a new life (or maybe the old life with greater flexibility)?
- Figure out what you need now to support your current lifestyle. Determine which expenses won't be around when you retire, e.g., day care, school, college, your investments toward retiring. That will give you a base amount of spending. Then add in extra costs of travel, entertainment, and hobbies.

What lifestyle can be like in retirement

- Think about where you want to live and what kind of house you'll live in.
- How will you spend your time, e.g., hobbies, outdoor activities, volunteer work, entertainment. What will those things cost? Will you be doing them throughout your retirement or just in the initial years?
- Transitions and changes will be a part of those 20-30 years of retirement. Make sure your plan has flexibility built in to compensate for those changes.

Where's your money?

- Plan for a tax-efficient nest egg that includes investments in retirement accounts such as IRAs and 401(k)s, as well as investments outside of these plans.
- Federal social security benefits are not available to you until age 62. If you retire before then, plan on making extra withdrawals from your nest egg to cover expenses.
- Once you've reached full retirement age (age 66 and 2 months this year), you can collect social security and still work without reducing the benefit.

Current liabilities analysis, i.e., will they go away

- Pay down your mortgage as well as building investments in retirement and non-retirement accounts. Avoid painting yourself into a corner by building home equity at the exclusion of all else.

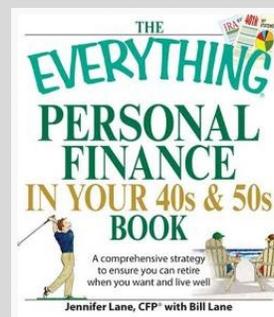
The right time to retire

- Working into your 70s may be a lifestyle choice. At the same time, the size of your nest egg can be smaller because it doesn't have to last as long.
- If you are thinking about early retirement, pay close attention to your budget and investments because they will have to cover a longer retirement. Study current tax laws, pensions, and social security rules to account for them as well.

Paying for health care

- Throughout all your life, focus on and invest in your health to improve your quality of life and reduce healthcare costs in the future.

The better the plan, the better retirement will be for you!



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Jennifer and Sarah were both named
2021 Boston Five Star Wealth
Managers.



Jennifer Lane

Principal

2012 • 2013 • 2015 • 2016 • 2017 • 2018 • 2019 • 2020 • 2021

Sarah Stamp

Financial Planner

2017 • 2018 • 2019 • 2020 • 2021

Helpful Websites

[IRS.gov](https://www.irs.gov)
www.usa.gov/retirement

Jennifer In The Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- **NEW!!** NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video, *How to Save \$1,000 in 5 Months*, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, *How to seek forbearance on your mortgage*, for The Boston Globe. [Read article.](#)
- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, *Dividend Funds Can Add Income, and Risk, to Your Portfolio*. [Read article.](#)
- Jennifer contributed to a **BankRate** article, *Should I combine my mortgage and student loans?* [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, *Five tips for managing a 401(k) during the pandemic's turbulence*. [Read article.](#)
- Jennifer contributed to the **Bottom Line Inc** article *Prepare your Finances for a Possible Recession*. [Read article.](#)
- Jennifer contributed to **The Wall Street Journal** article *If Saving During a Pandemic Is Hard, Here's How to Stay Motivated*. [Read article.](#)
- The **New York Times** featured Jennifer in an article titled, *Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful*. [Read article.](#)
- With a contrarian view, Jennifer contributed to an article, *People are enraged by the idea that you should have twice your salary saved by the time you're 35!* published recently by **Business Insider**. [Read article.](#)
- Moving in together? Check this article from **Business Insider**, *Five questions you and your partner should answer before taking the biggest step in your relationship*. [Read article.](#)
- **Insider** asked Jennifer to contribute to an article on old fashioned ways to manage your money, *Six money-saving tips your grandma used that are way more effective than any budgeting app*. [Read article.](#)
- Jennifer contributed to an article on **Business Insider**, *This is the best way to do your taxes online - according to experts*. [Read article.](#)
- **CNN Money's** Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a **CNN Money** article *When is the Right Time to See a Financial Advisor?* [Read article.](#)

Compass Planning News

- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.
- Compass Planning is a sponsor for this year's YW Boston's [2020 Elevating Lives Series](#). YW Boston's Elevating Lives Series is a curated event series that focuses on areas relating to the YW Boston's mission of eliminating racism and empowering women. The series convenes thought leaders from across sectors for transformative discussions that help elevate lives.
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors. ([Disclosures](#))

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.

This newsletter and any linked references are for informational purposes only and are not to be construed as tax, legal, or investment advice. Compass Planning has gathered the information from sources it believes are reliable, but your individual situation can vary, and you should consult with your investment, accounting, and/or tax professional before taking any action.

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