20 BIGGEST MISTAKES FOR THOSE APPROACHING RETIREMENT

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1 NOT SAVING ENOUGH.
5 to 10 percent is not enough. Double it – today. If you're over the age of 50 your target should be 20 percent or more.

2 RETIRING TOO EARLY.
Life expectancy is on the rise. It's a risk to your retirement. You could spend 30 years or more in this stage of your life. Unless you're wealthy or really well prepared, age 65 should be the minimum target retirement date. If you are forced to retire earlier, consider finding another job, starting a business/side hustle or work part-time.

3 DRAINING RETIREMENT SAVINGS TO SUPPORT ADULT CHILDREN.
Learn to say "No." Safeguard your retirement.

4 DRAINING RETIREMENT SAVINGS TO SUPPORT AGING PARENTS.
Be careful here. Consider all options like consolidating households, reverse mortgages or lifestyle changes to make this work.

5 NOT CONSIDERING LONG-TERM CARE INSURANCE – IF YOU CAN AFFORD IT.
The long-term care insurance landscape is changing. There may be more affordable options or other ways to pay for this in the future.

6 NO EMERGENCY FUNDS.
So, every time something happens, breaks etc. you go right to your investment portfolio (possibly liquidating investments at inopportune times) to fund these unexpected costs. If you are already drawing from your retirement account(s) and any additional distributions would push past a reasonable and sustainable rate it's time to consider a part-time/full-time job. Your money won't last.

7 NOT PLANNING FOR RETIREMENT INCOME NEEDS.
Preferably, your necessary retirement income is covered by guaranteed, sustainable and/or dependable sources.

8 TAKING TOO MUCH RISK.
In my experience, most retirees fall into this category. They're investing the same way they did when they were working. This can be dangerous. Once you begin drawing on your retirement account(s) your capacity for taking risk drops dramatically. No more money is going into those accounts and the paychecks have stopped. Sequence of returns risk is real and will most likely be one of the biggest risks to retirees along with longevity. You have to ignore average and annual returns. They mean nothing in retirement. Protect your downside and have a plan to generate the income you will need.

9 TAKING TOO LITTLE RISK.
After number 8 above this may not make sense but occasionally portfolios can be constructed that are far too conservative for an investor to ever reach their goals. Have your investment portfolio reviewed by a credentialed advisor to help assess your risk tolerance and understand your time horizon.

10 NOT REVIEWING/UNDERSTANDING SOCIAL SECURITY OPTIONS...
and optimizing within your retirement income plan the best time to begin drawing benefits. Skip the Social Security Free Dinners hosted by fill-in-the-blank local financial advisor or insurance sales person. Those events are about selling you something. They are about creating just enough uncertainty or confusion to get you in their office, so they can put down whatever your current strategy is and get you to transfer your accounts to them – plain and simple. If you have questions about social security set an appointment at your local Social Security Administration branch office or set an appointment with credentialed advisor to review your options.

11 NOT PLANNING FOR HIGHER HEALTHCARE COSTS.
Too many retirees underestimate this expense. Medicare will cover about 50% of your health care expenses in retirement. Supplemental coverage provided by a previous employer at retirement can't be counted on indefinitely. There's no guarantee they'll continue to pay these benefits over your entire retirement. Higher income retirees can get caught off guard as well; Medicare Part B premiums are means-tested: the more you make, the more you pay.

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20 BIGGEST MISTAKES
FOR THOSE APPROACHING RETIREMENT

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12 AVOIDING TAX PLANNING.
In order to save on taxes you have to look forward and run projections. By combining your investment plan with a multi-year tax projection, you can identify effective tax savings opportunities.

13 NOT TRACKING ANYTHING –
no budget, not tracking your net worth, spending habits or how much you contribute to your retirement accounts.

14 NOT DEDICATING THE TIME TO PLAN.
Better decisions come from having conversations about your money and investments.

15 NOT SHARING PLANS/WISHES WITH SPOUSE AND OTHER FAMILY MEMBERS.
This is about your estate and your legacy. Get organized. Meet with a board-certified estate planning attorney to best determine what documents will be necessary to fulfill your objectives. Sometimes, a will is not enough and trust is better suited to deliver the instructions you'd like to have in place. Your failure to plan should not become the burden of your beneficiaries or a life sentence of difficult decisions for the trustee/administrator of your estate. Tensions amongst family members can arise – especially when there's money involved. Take care of it.

16 NOT PLANNING ON LIVING A LONG RETIREMENT.
Longevity is a risk to your financial well-being.

17 NOT ACCOUNTING FOR INFLATION.
2 to 4 percent a year doesn't sound like much, but it nearly doubles the cost of something over a 20-year period. Easily the amount of time you could spend in retirement.

18 FORCED RETIREMENT RISK.
Poor health, disability, caring for a spouse or job loss. Many workers are forced to leave the workforce earlier than expected. Don't count on the gold watch!

19 NOT REVIEWING INSURANCE POLICIES AND BENEFICIARIES.
Goes back to number 15 – review all insurance policies every year to make sure you have the right coverage in the right areas. In some cases, you may discover you are paying for a policy that isn't necessary anymore and those funds would be better off being deployed elsewhere.

20 NOT REDUCING DEBT.
If you plan on retiring for good your debts should be paid off. I think there are some exceptions where having a mortgage is ok; but not preferred. If it were me – I'd make sure my mortgage was paid off long before considering full retirement. It's expected that a car payment may come along – but, absolutely NO credit card debt. Any credit card balances should be taken care of monthly. If you find that those balances are creeping up and you're beginning to fall behind it's time to consider either going back to work in some capacity or taking a hard look at your lifestyle. It may indicate you are living beyond your means and changes need to take place to reign in any unnecessary spending.

I hope you found this checklist helpful. For more information on planning your retirement visit The Defend Your Retirement blog at www.briankraus.com.

***None of this document is intended as any specific tax or legal advice. See a qualified, board certified estate planning attorney.**
For tax advice meet with a CPA.

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