# THE AT&T RETIREMENT CHECKLIST

KRAUS CAPITAL MANAGEMENT

## 1 YEAR TO GO

**1** **SET-UP THE "FIRST YEAR WISH LIST."**
Plans should be in place to help reduce stress and anxiety during the retirement process. In the initial 12 months of retirement, determine what special things you'd like to do in order to celebrate. These could be trips, parties, or purchases. You only get to retire once – treat yourself.

**2** **FINALIZE PENSION OPTIONS** and your strategy for how you will take money out of your investment accounts. If you own company stock options confirm rules and dates for exercising.

**3** **IF YOU WILL BE ELIGIBLE FOR MEDICARE GET UP-TO-DATE QUOTES FOR SUPPLEMENTAL HEALTH INSURANCE** and learn how it works with Medicare. If you've accumulated enough work credits (most Americans have), Medicare begins at age 65. If you don't enroll for Part B when you're first eligible, you'll pay a 10% penalty. Some Medicare policies will not cover pre-existing conditions if you don't enroll during certain periods. Also, keep in mind that basic Medicare doesn't cover dental care (including dentures), vision care (including glasses), long-term care, and prescription drugs. Finally, remember that Medicare won't cover services provided outside the United States.

**4** **REVIEW INSURANCE POLICIES,** including employer sponsored group life, property, casualty and liability insurance, to be sure you're not paying too much for the wrong kind of coverage.

**5** **CHECK YOUR SOCIAL SECURITY BENEFITS.**
You should plan on filing for Social Security three months before you're going to receive your first check. You'll need to sign up for Medicare three months before your 65th birthday if you're not already receiving Social Security by then. The earliest you can begin receiving Social Security benefits is age 62 years and one month. Just remember: The earlier you begin, the lower the benefit. You don't have to begin receiving benefits when you quit work. Also, spouses don't have to take benefits at the same time.

**6** **MAXIMIZE YOUR SAVINGS.**
You should save as much as possible in your final year of work. See how little you can live on. Test a year of living on your retirement expectations. Make sure you are aggressively attacking any remaining debt. If you plan on refinancing your mortgage do it before you retire.

**7** **CONSOLIDATE ACCOUNTS** to help simplify your financial life going forward. By this time, you should be working with an advisor that you trust to help you understand your risk tolerance, develop a retirement income strategy and get everything organized and under one roof.

**8** **IF YOU ARE RETIRING PRIOR TO AGE 59 1/2 AND TAKING A LUMP SUM PENSION,** consider using rule 72(t) also known as substantially equal periodic payments (SEPPs) to withdraw money from retirement accounts penalty free. *Just remember those payments have to continue for 5 years or until age 59 ½, whichever is longer. See your tax advisor.

***KEY POINT:** If you are turning 55 or older in the year you retire but are under the age of 59 ½ you would be eligible under the separation from service rule to draw funds directly from your 401(k) plan and avoid the 10% IRS early withdraw penalty. Taxes will still apply. Review this carefully before rolling any funds over to an Individual Retirement Account (IRA).

**9** **MOST IMPORTANTLY, NAIL DOWN HOW MUCH YOU'LL NEED IN ANNUAL RETIREMENT INCOME** and start to prepare yourself mentally for how this transition might look. If you're having problems envisioning it, talk to your peers who've already retired or seek professional guidance if the transition concerns you. It's ok to be nervous but if it doesn't feel right in your gut – it's not the time to retire. Keep working – you'll know when it's time.



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