Financial Checklist for 60-Somethings

You may be only a few years from retirement. Get prepared. If you have a spouse or partner, be sure your two visions for retirement align. Proactive communication is essential.

Financial Planning Fundamentals in Your 60s

- **Create a realistic retirement budget for planning purposes.**
  How much money will you need each year to live the retirement you envision? Explore those numbers now. Look at your day-to-day expenses, making sure to factor in expenses that may be going away as well as new expenses (such as hobbies and travel) that may be added in retirement. People frequently underestimate the impact of inflation and the cost of medical expenses. Use online financial planning calculators to create a budget.

- **Eliminate debt.**
  Pay off your credit cards and continue to keep an eye on your credit report. Also consider paying off any outstanding loans.

Social Security & Retirement Essentials for this Decade

- **Use the “catch-up” provisions available in your retirement savings.**
  Beginning at age 50, most qualified retirement plans allow participants to contribute above the plan’s maximum contribution amounts. “Catch-up” retirement savings can change and differ between plans, so check with your employer about eligibility guidelines and whether or not you have a participating plan. It’s not too late to make up for savings shortfalls.

- **Keep your emergency fund current.**
  Continue to maintain three to six times your monthly income in your emergency fund. You want to keep a healthy balance in your savings account now and in retirement.

- **Ensure investments are appropriate for this new life stage.**
  Work closely with your financial professional to make sure your investments are balanced for this stage of life. You may want a guaranteed income to supplement Social Security or pension income. Talk to your financial professional about your options.
- Consider delaying Social Security distributions as long as possible. Learn facts about Social Security. Taking early withdrawals between the ages of 62 and 66 (or before your full retirement age) could decrease the amount of your benefit by as much as 25 percent. For this reason, you might want to consider postponing benefits as long as possible. The longer you delay, the more your benefit grows. That said, each situation is different and deserves careful evaluation. Don’t expect the Social Security Administration to be your advocate. Seek the counsel of a knowledgeable advisor.

- Plan for medical and long-term care expenses. If you haven’t already made decisions about how you will deal with long-term care expenses, be sure to do it early in your 60s. The longer you wait to purchase a long-term care policy, the more expensive it becomes. In addition, know in advance how you will pay out-of-pocket for health care costs, prescriptions, and copays in retirement.

- Consult with your accountant. Your retirement funding strategies may have tax implications. Before you decide when to take Social Security income and any other retirement fund distributions, consult with your accountant.

Extra Money Management Tips in Your 60s

- Pay off your mortgage. Many financial professionals strongly recommend that mortgages be paid off before entering retirement. You may want to consider downsizing at this time of life or refinancing to a shorter term mortgage. Talk with your financial professional about your specific situation. Do it early while you still have time to take action.

Best Ways to Save Money at Any Age

- Strive to save 30% or more of your income. Pay Yourself First. 10% for retirement, 10% for your emergency fund, and 10% for large purchases or vacations.

- Maintain an emergency fund. Strive to save three to six times your monthly income.

- Be mindful of your housing to income ratio. Try to limit your housing expense to no more than 28% of your gross household income.

- Watch your debt to income ratio. Try to limit your total debt (mortgage, car loan, credit cards, student loans) to 36% of your gross household income.

- Keep your credit card balance to limit ratio under control. To keep your credit score as high as possible, don’t let your balance exceed 30% of your credit limit.

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