

5 Things You Should Be Doing In Your Fifties

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Focus on eliminating debt ahead of retirement

One goal that should be on everyone's list is to enter retirement without any debt. This includes consumer debt as well as mortgage debt. While it is not a prerequisite for retirement, the elimination of debt can make financial decisions much easier and offer more opportunities of choice. By eliminating debt, you will make smaller withdrawals from your nest egg for living expenses. If you carry debt into retirement and your investment returns prove to be less than sufficient, you may be inclined to decrease your living expenses for a time, but with monthly debt costs, this could prove troublesome.

Be tax-efficient with your investments

In your 50's and 60's, you may be receiving the highest salary of your career. As your investments have grown, they may also be providing you with a higher income through dividends and interest. As you invest, it's important to be aware of how your tax situation will be affected by the choices made. For example, you should try to defer as much of your salary to your defined contribution plans. This will prevent you from paying taxes in your current high tax bracket and allow the funds to be withdrawn when you are in a lower tax bracket. If you are investing in brokerage account, you need to be cautious about the funds you use due to the tax consequences of their distributions. There are lots of considerations when you are investing later in life so it will be beneficial to consult a financial planner.

Hire a fee-only financial planner

During the early stages of your earning and investing life, things were relatively simple. You earned as much as you could, saved as much as you could, and hopefully invested this money wisely. Now you are entering a stage of life where you need to plan for retirement income needs, assess your saving rate and review your overall plan. This type of analysis can be complex and will require resources and an extensive knowledge base. It will also require a lot of time to analyze and track your progress. Working with a fee-only financial planner can offer you the know-how and save you time for more important things. It is important to consider a fee-only professional to limit any potential conflicts of interest and hidden fees.

Research Long Term Care (LTC) insurance

According to the US Department of Health and Human Services, at least 70% of people aged over 65 will require some sort of long-term care in their lifetime. This is why it is important for you, while you are relatively young, to research buying Long Term Care Insurance. This insurance can pay for the expenses of in-home nursing care, an assisted-living community, or a nursing home. One thing to remember is that Medicare will not completely cover these expenses, and only when you become eligible for Medicaid will the Government pay for the cost. The premiums may be a little higher than other insurance, but when you consider that a facility of this kind may cost around \$67,000 per year (in today's dollars),

purchasing this kind of insurance requires serious consideration.

Plan for retirement and adjust savings/goals with what you currently have

As you have saved over your career and are looking into retirement, you'll be in one of three camps: "I know I can, I think I can, I know I can't". Whichever group you are in, you may have to adjust your retirement dreams or current savings habits to make retirement a reality.

The "I know I can's" have prepared for their retirement by setting realistic goals, diligently saving, and investing in appropriate ways. Their retirement is looking rosy as they have a sense of confidence that their retirement is how they pictured it, and they may even have attained the luxury of slowing down their savings and enjoying more of their current earnings.

The "I think I can's" have a vague idea of what they would like to do in retirement and how much it will cost. Whether they have enough to fund these goals and are currently saving enough to be successful in retirement is currently guess-work. Getting these goals and numbers on paper and having them analyzed is a must. Now is the time to make any necessary adjustments to help you lead a successful retirement. A fee-only financial planner will help you find this out.

The "I know I can't's" either haven't planned or saved well enough, or do not have well defined goals to know whether their retirement picture is looking achievable. They may not even have enough money to meet

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current living expenses which means retirement is not an option. If this is you, it is very important to get some help to develop goals and a savings plan to get you where you want to be.

As you are in your 50's, it's time to evaluate your current position as it stands toward your retirement goal. Whether you need some drastic changes or you are on the right track, without analysis, you won't know. Hiring a professional to help you with this evaluation is a positive step.

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