

*Own your tomorrow.*

## Pre-retirement playbook



Rita is 65 and married, and she plans to retire from her full-time job next year. There are a lot of details to juggle between now and then. Here are a few things she can do in the coming 12 months to help the transition go more smoothly.

### 12 months before

**Take stock of her goals:** For years, Rita has planned to travel and volunteer with children. With her savings in place, she can explore specific programs and organizations.

**Start talking:** Rita and her husband should share their goals and identify ways to compromise if needed.

**Max out her 401(k):** If possible, Rita should consider maxing out her 401(k) and other tax-advantaged savings account options to help boost her long-term security.\*

**Get health care squared away:** Rita signed up for Medicare (there's a seven-month initial enrollment window around your 65th birthday). Now she needs to determine the rest of her insurance coverage.

### 9 months before

**Know her income:** Rita needs to calculate her Social Security payout and other potential income sources. She also has a pension, and may need to choose between a lump-sum distribution or an annuity.

**Create a cash fund:** In addition to the income above, Rita should keep enough cash to cover at least 12 months of expenses in a bank account, apart from her retirement plan account.

**Recalibrate investments:** It's generally recommended that a more conservative investing approach should be used as you approach retirement. Rita should consider rebalancing her current allocation, if necessary, as she transitions into retirement.

Talk to a Participant Services Representative  
at 1-800-724-7526.



**\$153,500**

**Estimated savings needed to cover health costs  
for individuals 65 and older, in retirement**

Source: Employee Benefit Research Institute, Issue Brief,  
May 16, 2019.



**76%**

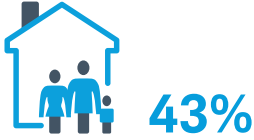
**The inflation-adjusted increase in benefits  
retirees can get by waiting until age 70 to  
claim Social Security, instead of age 62**

Source: Social Security Administration,  
SSA Publication No. 05-10147, January 2020.

## 6 months before

**Map out expenses:** Now that Rita has established her income, she needs to map out her likely living expenses in retirement to make sure her estimated income and expenses align.

**Test-drive a tax return:** By filling out a hypothetical tax return based on her first retirement year, Rita and her husband may decide to maximize deductions now, while their income is higher.



**Average percentage of annual income people 65 and older spend on housing**

Source: Employee Benefit Research Institute, "How Do Older Americans Spend Their Assets?" November 7, 2019.

## 3 months before

**Meet with HR:** Rita needs to learn about the various distribution alternatives available to her through her company's 401(k) plan and get contacts for questions about benefits after she retires.

**Decide on a Social Security start date:** To get benefits as soon as she retires, Rita should consider signing up now at a local Social Security office, online at [www.ssa.gov](http://www.ssa.gov), or by calling **1-800-772-1213**.



**Percentage of retirees who want to travel after retirement**

Source: Transamerica Center for Retirement Studies, 2019.

## 2 months before

**Choose whether to roll over her 401(k):** Rolling over her 401(k) to an IRA may give Rita more investment options, reduced fees, and easier account management. She can also consider keeping her 401(k) in her current plan or cashing it out (which may incur taxes or penalties).

**Mark the start:** With a few weeks of accrued paid time off, Rita should check her company policy to maximize her benefits when she retires.



**Percentage of workers 60 or older who plan to work after retiring**

Transamerica Center for Retirement Studies, 18th Annual Transamerica Retirement Survey, 2019.

## 1 month before

**Double-check everything:** Although Rita signed up for Social Security and Medicare, this is the time for a final check to make sure all her accounts are in order.

**Plan the big day:** Many pre-retirees anticipate a life with less stress and healthier habits. To help, Rita should pencil in new activities now, so she can get the most from the days ahead.



**Percentage of retirees who say preparing for retirement made them feel less stressed**

Source: Employee Benefit Research Institute, Retirement Confidence Survey Summary Report, 2020.

## Get a head start.

There's a lot to do in the months leading up to retirement. To make sure your plan unfolds smoothly, talk to a Participant Services Representative at **1-800-724-7526**.

\*The annual 401(k) deferral limit for 2020 is \$19,500. If you will be age 50 or older in 2020, you may make an additional catch-up contribution of \$6,500. The annual IRA contribution limit for 2020 is \$6,000. If you are age 50 or older in 2020, you may make an additional catch-up contribution of \$1,000.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

This example is hypothetical and provided for illustrative purposes only. It is not intended to represent any specific investment products and not intended to be reflective of results you can expect to achieve.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication to you as part of the recordkeeping services it provides to the Plan.

©2020 Schwab Retirement Plan Services, Inc. All rights reserved.  
CC4545736 (0920-01C4) MKT92233-03 MYS (10/20) 00250059

charles  
SCHWAB

*Own your tomorrow.*