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Welcome everyone to the Four Steps to Take Now to Retire Well Webinar. Um, we'll be covering, um, Crafting a personalized retirement plan tailored to your financial goals. Shifting your investment strategy to grow or safeguard your wealth. Navigating health care and insurance considerations. And implementing estate planning strategies to secure your legacy and provide for future generations.

I'm your host, Mandy Ritter. Um, I have my Certified Financial Planner designation. I've been with CAPTRUST for the last two and a half years and in the industry for over 20 years. Um, I'm excited to introduce our panelists today. Um, first we have Katie Johnson. Katie is a Wealth Management Financial Advisor based in Minnetonka, Minnesota.

She joined CAPTRUST in 2023 from QA Wealth Management and she serves as Vice President and Financial Advisor. Thank you She helps clients with comprehensive financial planning, investments, cash flow modeling, estate planning, and more. Prior to joining the firm, she was a senior advisor at Minetta Group for 20 years.

Katie is an attorney and also holds the designation of Certified Financial Planner. Next, we have David. David is a Senior Vice President and Financial Advisor based out of San Antonio, Texas. He joined CAPTRUST in September 2021 and prior to that was a Wealth Advisor and with Covenant Multifamily Offices since 2013.

He is a Certified Financial Planner and he assists families and corporate executives with comprehensive financial planning, including investment management, tax, and wealth transfer planning. Last but not least, Tim Brashear. Tim joined CAPTRUST in 2020 as a principal and financial advisor responsible for providing investment advisory services to high net worth individuals, families, and institutions.

Prior to joining CAPTRUST, Tim spent more than 12 years with Lakeside Wealth Management, a firm specializing in financial planning, fiduciary, and corporate qualified plan consulting. Small business services, risk and asset management, and estate, tax, and life insurance planning since 2002. There, he served as senior vice president and head of the firm's retirement plan division, overseeing more than 180 corporate and institutional accounts.

Tim holds his certified wealth strategist designation, accredited investment fiduciary, and certified 401k professional. So thank you all, Katie, David, and Tim for joining us. Um, we are going to go ahead and get into our questions. Wonderful. So, first question. When should I start planning for retirement?

Katie? Or no, Tim. Tim, you're starting. I'm starting. Okay, very good. Um, I love this question, um, because, you know, in day to day, um, interactions with clients, prospects, community, family, um, you know, this is one of the kind of the most common ones. And some people think, oh, I'm all over it. Some people think, Oh, I'm young.

I don't need to worry about it. Some people think, Hey, I'm ready to retire. It's time to start planning. Um, uh, you know, I think our philosophy at CAPTRUST, uh, and mine personally is it's never too early to start now where you are in your career, where you are in life, where you are with family is gonna, um, have a significant impact on what you need to do.

Life, but it's never too early to start to plan. It's never too early to start to save. Um, and just like going on a road trip for a family vacation, you kind of have to start with the end in mind, right? If you're, um, you know, early in your career, you're just out of college and you. Don't want to work until you're 70.

Okay. Well, Let's start figuring out some goals of I want to retire at 60 and I want to live in florida And I want to have a house in florida and a house in colorado and I want two cars and a boat Those are all things that we can solve for with projections and math And so it's very easy for somebody like that to back in and say well This is what you need to start saving for saving for you know in terms of a monthly savings rate You These are the places that we can put the money, you know, into a brokerage account, into a 401k, maybe into college accounts and health savings accounts.

And, you know, we can run those projections and then, you know, kind of update them on a regular basis. Um, that planning process might look a little bit different if you've never done any planning and you're in your 40s and you've got Three kids and a house and you know student loan debts and a mountain of credit card debt and and you know We might have to handle, you know some debt and budget issues before we can start saving for retirement and if you are 65 years old and you just became eligible for your pension and you've been saving but you have no idea what you spend on a monthly basis and you don't really know how much you're going to need on a monthly basis and you come to me and you say Oh, I'm ready to retire because I can get my Social Security and my pension.

Well, hold on, time out. You know, let's try to match up what your expenses are going to be in retirement with how much income your pension, Social Security, and your investments can actually generate. So, you know, three different kind of scenarios and in terms of life. But the fundamental basics are all the same.

What are your goals? How long do we have to plan for those goals? What are your risk tolerances in terms of the investments that you're going to make? Um, and you know, we can mix all those together and as we get to know our clients, then that plan starts to take shape. Here's the other thing that I'll say as it relates to planning and timing.

I think I've said it already, but it's never too early. It's never too late. Whatever you start with, it's Be prepared that it's going to change because life changes, right? Um, you know, if you're that person that's early in their career You might not know how many kids you're going to have or if you're going to have kids or if you're going to get married Uh, if you're in the you know, middle of your career and you know, you happen to go through a divorce Well that can change your planning.

Um, if you're late in your career and Uh, you experience the loss of a loved one that can certainly impact your planning So life is gonna, you know come at you with curveballs You Um, the plan is just a place to get started. And then the nice thing is if you've built it out well, you've got the fundamentals and you can work with your advisor to say, here's what's happened in my life.

How do we fix this? How do we, how do we get to that next step? You know, whether that's changing spending, working longer, saving more. Um, there's all kinds of tools in the financial planner toolbox. Um, but it starts, it's got to start somewhere and it really starts with, uh, with you, the, the consumer, the investor, um, you know, jumping into the deep end feet first with that, that, you know, first planning process.

So I'll pause there to let David and Katie chime in, but, um, that should get us started. Katie, you want to, you want to follow that up? It's going to be hard, but feel free to go for it. I'll try. Um, well, one of the statistics that I, that I like to tell my clients was that Fidelity put out a report last year, um, regarding retirement savings and Americans on average have saved only 78 percent of the amount they'll need in retirement.

And 52 percent of U. S. households may not be able to pay for the essential expenses in retirement. And I usually tell that to clients just so that, you know, back to Tim's point, it's never too early or too late to start thinking about the planning, start thinking about expenses, what spend looks like in retirement.

Um, you know, those things really, really go hand in hand. You know, ideally, if you can start saving in your 20s when you finish schooling and You get earning paychecks and before lifestyle creep happens, um, you know, that's, that's amazing. Sometimes it's easier said than done, you know, given other expenses, you know, credit card debt, student loans, things like that.

But the sooner you begin saving, the more time your money has to grow. And each year's investment gains can generate their own gains the next year. And that's a really powerful wealth building phenomenon, what we call compounding. Um, but that said, it's also never too late to start retirement savings. So don't feel like you've missed the boat if you haven't really given it much thought or just thought that, oh, social security, you know, that'll be enough.

So even if you haven't so much as considered retirement, every dollar you can save now starting today will be appreciated later. Yeah, I, I think that. It's pretty well known that the, the onus of retirement saving has shifted to the individual over the recent years. Uh, pensions are becoming less and less common.

Social security, there's obviously a lot of uncertainty around the, The future of social security and Katie and Tim will provide a prediction on what's going to happen with that at the end of this, uh, end of the session. Um, but I, so I think that's just pretty well documented. It's really on you to save for your retirement.

Um, and, and I think there are some goals that you're better off starting earlier on. Um, so for example, You know, a very common goal, uh, that people want to attain when they retire is to be debt free, is to not have a mortgage, which is a great goal. Um, but I think the sooner you can start that process, the better off you'll be.

So for example, if you're 20 years away from retirement. A little bit of an additional principal payment each month may be easier to fit in your budget and allow you to get closer to attaining that goal in retirement versus if you wait, you know, five years away, that can be a pretty big burden on your, on your excess cash flow that, um, that may be challenging to do to be debt free and it could also prohibit you from, uh, other goals that you may have like maxing out retirement accounts, health savings accounts and so on and so forth.

So there are some that you definitely want to plan for sooner. Um, you know, sooner rather than later. I think it's also, uh, for individuals that are younger, it may be difficult to visualize what retirement looks like. Um, because you're dealing with more near term issues like, you know, whether it be raising children, paying off student loan debt, saving for college, whatever that may be.

So I, I've seen people start to shift that narrative a little bit towards financial independence rather than planning for retirement. So what do I need? To have accumulated to ensure that I can become work optional. If I want to continue to work, that's great because I love what I'm doing and I'll continue to do it, but I'm not having to do it for a financial reason.

So sometimes shifting that narrative a little bit can ignite people that are younger to. Sort of get the ball rolling through automatic payroll deductions in the 401k plans, uh, automatic sweeps into brokerage accounts and, and so on and so forth. So like, I think Tim nailed it perfectly. It's never too early and it's certainly never too late either.

Great. Andy, I'd like to add one other thing. Um, You know, we're, we're investment financial nerds, right? So when we meet with clients, you know, our, our muscle memory is to like, go get in the weeds, talk about investments, talk about budgeting, all this different stuff. We'll make the numbers work. And that's a critical part of planning for retirement.

It truly is. Um, however, when you're working with your advisor, it's really important to talk, not just about the money and the retirement paycheck, but what's it for. What does retirement look like to you? So I'll give you, I'll give you a kind of real life example. We had a client who, um, sold a small manufacturing business.

Um, you know, part of the, part of the, um, sale of the business, he had to stick around for a couple of years. And, um, you know, six months into that transition, it, it, it wasn't working out, you know, the, the new management was coming in and he was frustrated because they wanted to make some changes and this was his baby and no, you're doing it wrong.

And so they mutually agreed to part ways. And this particular gentleman, um, you know, his kind of retirement dream was, well, I'm going to go fishing, you know, when I'm retired. I'm going to be a fisherman. I'm a fish every day. Great. Um, our office, our, we live in Northern Indiana, right outside Chicago. So when this happened, it was February.

So this man left his business on a Friday. On Monday morning, he wakes up, you know, his, he had to get a new cell phone. He had to get a new email. He couldn't go fishing. Right. And so he hadn't done enough planning of what am I going to do the day I stopped going to work? And Oh, by the way, now all of a sudden he's home every day and completely disrupting, you know, his wife's routine.

And her schedule, she happened to stay at home. And so, you know, there was like a little bit of a, uh, a significant adjustment period, probably a little bit of depression. So, you know, most of what we're going to talk about today is related to the finances and the investments, but it's just as important to talk with friends and family and be honest with yourself.

of what am I going to do when I retire? We spend so much time thinking about getting across the finish line. It's really, really important part of the planning to think about what am I going to fill my days with? You know, how am I going to take care of my health? Um, what time am I going to spend with friends and family?

So I just want to make sure that we, um, you know, drive home that point because it's a critical part of the process. I agree. I agree. Um, and, and to that point, you know, what, what people are, everybody's different, right? Um, so when we're crafting that plan, whether it's for retirement or being financially independent.

When we're crafting that plan, how do I, as a client, ensure that my plan is crafted to my unique needs? I think David's going to start us off on this one. Sure. Yeah. I think something that I always think is really important is when you're thinking about retirement, when the paycheck stops, um, what is, what is your preferred, um, Income or retirement income distribution style.

Um, do you want to maintain flexibility and optionality with your retirement savings and with your portfolio? Or do you want to have a more, a more defined income stream? You know, very set in stone in the first of the month, here's what I'm going to get. Um, and, and obviously there's, there's a hybrid in between there.

It's just, those are the two ends of the extreme, but. Um, I think it's important to think through that and oftentimes when we, when we have those conversations, people often will say, well, I don't know, this is the first time I'm going through this and what are the pros and cons of, of each of those. And I think when that happens, then it's important to really get into the, the real life goals and objectives that you have.

So. You know, what are those things that you want to do? Do you want to purchase a new home in retirement or a second home? Uh, do you anticipate having larger one off expenses? You know, travel extensively and you need, you know, a bigger chunk of money at certain times to To help pay for that big trip, wherever you're going.

If the answer is yes to that, then probably having something more like a diversified portfolio of stocks and bonds and real estate, you know, makes, makes more sense and create a distribution strategy from that, that, that helps you achieve those goals and objectives. But you have to understand the risks that are associated with that.

Being invested in risk assets and market volatility that's associated with that, the inherent risk of growth assets like stocks, that can cause a concern for some people. And if that is you, you know, there's obviously a couple options that you have. One is hiring an advisor to help navigate that process with you, to help with that distribution strategy.

Or you could look at potentially shifting that burden onto somebody else. So whether that's an insurance company via an annuity, whether that's if you have a pension plan and taking the annuity option where you are locking in that set income stream, perhaps that's more comfortable for people, just to know that they're not the ones that are having to worry about the ups and downs of the stock market audit.

on a day to day basis. And so just to kind of bring that back to your question, Mandy, everybody's different. Uh, there's no right answer for everybody. And so when you're, when you're wanting to ensure that your retirement plan is, is unique to you. It's customized to you. I think it's important to think about that distribution strategy.

Yeah, everybody, everybody has a different comfort level with where their paycheck is coming from, right? Just like, just like they do when they're working. So, that's a great point. Katie, did you want to add, um, about kind of taking a holistic approach to planning? Well, piggybacking off what David and Tim already mentioned, you know, I just think it's important to be honest with yourself and with your advisor about really what's important to you.

Um, because that helps them take a holistic approach to planning for life and retirement. Um, because a successful retirement isn't just about how much wealth you've accumulated. I think we all know some, Really wealthy people who may not be the happiest people or vice versa. It's about how your wealth can be used to support your goals and aspirations.

And that's unique to each individual. Um, you know, whether it's to spend more time with family and friends, play a bit more pickleball or golf, travel, fish, volunteer, whatever that is. Um, so it's important that your advisor knows what's important to you so that they can build a plan, um, to grow and maintain your wealth.

Protect the wealth that you've already accumulated, help you plan for retirement, you know, provide and protect your family, help with the estate and, you know, minimize taxes and just make sure that you live well in retirement, that you live the life that you want to live. You know, for example, I have a client who just retired and she spent her working years traveling and working really long hours.

So now that she's retired, she has no interest in traveling. She's, Pretty much been to every continent, done everything she wants to do, so it's not a priority for her. But what is a priority is finally having time to be at home and to volunteer and to give back to society. So she knows what type of causes that she's passionate about, um, and she, but she needs to explore kind of specific local charitable organizations that share that vision and that she's aligned with.

So, um, We have a bucket of funds that's part of her cashflow plan. We set aside assets for that to help her support those organizations on her journey as she figures out where she really wants to spend her time, talent, and treasure. I love that. I love that. Yeah, and I've seen, I've seen something similar, but more the opposite.

Not that people don't want to volunteer, but they haven't had the opportunity to travel when they were working. And so looking at those years post retirement to really. Really go out and explore the world because they haven't been able to during their working years or raising children. So creating, you know, a customized travel budget is, is something that, that I often like to, to talk through.

I, I heard something that you can break up the, your retirement time period into three different buckets of travel. You have the, the go go years, the slow go years and the no go years. And so creating a customized travel budget according to, according to those different time periods. David and Katie make some great points there.

And I think, I think one of the most critical ones is, you know, let your advisor know. What's important to you? Um, you know, and we, we tend to talk, we tend to gravitate to, you know, preservation and growth and like this money's going to be there for the rest of your life. I do have clients from time to time that are like, I want to spend every single penny before I leave this earth.

Right. It's not our job to tell you what to do with your money. It's to help you manage it and achieve your goals. So if you want to spend every dollar and bounce your last check, great. We'll, we'll, we'll help you through that as well. Um, so it, but you, you got to be able to let your, your, um, advisor know, um, those things about you.

The other thing that I think is important, I think, um, I can't remember, was David or Katie that said, you know, be honest with yourself. Um, you got to know if you're a spender or you're a saver. And you're, especially if you're starting a new relationship and in retirement with an advisor, and it's not somebody that, you know, has known you for years and years, um, you know, big part of what we do is we serve as an accountability partner, you know, if client calls and wants money, it's not our job to be a gatekeeper.

But we can be an accountability partner, right? If you're somebody that's got to buy a new car every year and we sit down we do a planning meeting and you say, Hey, next time I come to you and I want to buy a new car, I need you to remind me about the plan and walk me through the plan, then that's what we're going to do, right?

We're never going to say you can't have your money, but, you know, we are going to show you how the decision you're making might be good or bad for you because that's what you're hiring us to do. Um, if we know that you're a spender and you're a guilty spender, Um, you know, that helps kind of, uh, you know, set the tone for, you know, what kind of an accountability partner we have have to be.

It works the other way as well. Um, I've had clients that have reached that milestone. They're retired comfortably. We know they're never going to run out of money. And I have to encourage them to spend, you know, like, Hey, that car that's 12 years old, that broke down twice on you. Like, let's go get a new car.

You can afford it. It won't break your budget. Um, and sometimes it's small things. I had a client once that it was like going to Costco to buy 250 TV was a huge milestone because it was outside of their norm, but they felt better knowing that it worked within the plan. We had that buffer. And so we, it works both ways, depending on, on your circumstance.

Yep. Mm-Hmm. . All, all great points. Also, one time had a client say, well, I just need to know if I'm gonna eat cat food or not.

Hopefully the answer was no. So you don't have to eat cat food. And I also had one client said. Can I use one Q tip every day or two? So that was the thing that was bothering him. It's fun what, um, what people come up with. So thank y'all for that. Um, I love that, that Tim said that, you know, we're, we're there to be a partner.

I mean, this is, this is not, this is a partnership, the relationship that you have with your advisor. Um, Both in creating your plan and also in managing your investments to meet the goals of your plan, right? Because that's what it's all about is meeting the goals of your plan. So, Katie, when and how should I adjust my investments close to retirement or into retirement if you're my, my, my partner in this?

Well, investments should be approached very thoughtfully, and of course should be aligned with, um, you know, your personal goals and the risk profile, and those things are very specific to you as, as we've been mentioning earlier. Um, I mean, in general, you should invest more aggressively when you are younger and you have more time to retirement, and then slowly dial back to a more conservative mix of investments as you approach retirement age, and you need to replace your paycheck with other income sources.

Um, but determining the right mix of investments really depends on how long you have until you need the money and how comfortable you are with risk. Um, as you approach retirement and retire, just as Tim and David mentioned, it's important to determine what your current income need is and expenses and think about how those will change in retirement.

Um, as those things are really going to affect your investment portfolio and asset allocation decisions that you're making. Um, even in retirement, it's still important to have a budget. I know that can be a bad word to a lot of people, but it is very meaningful and helpful to track your spending and know where the spending is happening.

Um, because in retirement, you know, you're still going to likely still do the same things that you did before. Take vacations, you know, you're going to want to go out to dinner, um, you know, go to sports games, those things like that. And of course, you're still going to have things that are the same. Car maintenance, home maintenance.

You know, some of those costs are just still going to be there. So, along with asset allocation and risk, we like to look at investments and construct portfolios in a time segmented way, um, and stage in the risk and think about it as having three buckets. So, the first bucket, um, is for the paycheck replacement right when you retire, um, and we keep that very conservatively invested because you know you're going to need the money sooner rather than later.

So we like to keep, you know, one to five ish years of income and very short term things, very conservative things like high money, high yield money market, bonds, you know, things like that. Um, then there's bucket two and that's for more midterm spending. So think five to 10 years out. Um, and there you can take a little bit more risk than you can in bucket one, um, using things like, you know, balanced investments, things like that.

And then there's a third bucket, and that's more for long term growth. So think maybe 10 plus years out for spending. And in that bucket, you know, you can take a little bit more risk and deal more with volatility, um, because you're really going for long term growth. And long term growth is important. Um, so it's important to have some growth assets so that you can keep up with inflation.

Um, and that's certainly something that we've all felt the pain of, the grocery store and, you know, gas pump the last couple of years. Thanks.

Yeah, and I think I'll just add on to that. With interest rates rising recently in that first bucket, that short term bucket, you can actually earn some, some decent yield on those high yield money market funds, those certificates and deposits, short term government bonds, all with, you know, pretty, pretty little underlying risk associated with that.

So you're not having to give up as much of your return to keep assets in that, in that short term market. Uh, conservative bucket. Um, and, and I really like the bucketing approach too. I think that that allows you to maintain a lot of flexibility and optionality with your retirement savings, but also coming up with a, a defined distribution plan, uh, for your savings.

So, you know, that's the way I like to, to look at that. Another thing that I always, um, I think is important when you're evaluating an investment portfolio is, um, asset location. Uh, so oftentimes when you retire, you have various accounts. You may have a Roth IRA, a traditional IRA, a 401k, a taxable brokerage account.

They all have their different tax treatment, both when you contributed and when you retired. When you make a distribution, well, a very common example is a Roth IRA. It's, it's tax free growth. And if you're not planning on taking distributions, uh, in the near term, or maybe ever during your lifetime, because there is not any required distribution, um, that account is, could be very well suited for risk asset, risk assets like stocks that have higher growth potential, albeit with, with more volatility, but over the long run that has the opportunity for, for maximizing growth.

Um, other account types like your traditional IRAs or your 401ks, those may be better suited for high yield fixed income, given the tax deferral treatment that they have. So there's, there's different ways to put different asset classes within your accounts, and I think that all should be incorporated in that portfolio construction with that bucketing strategy, with your distribution strategy.

It should all sort of be aligned together. I don't know if you guys at home can hear the mute, but this is all like music to my ears hearing Katie and David talk. So I, I agree wholeheartedly with, with the bucket approach. Um, and David brings up a really good point. I mean, we can have the best performing assets.

We can pick the best stocks, the best funds, but if you ignore taxes, Um, you can really do some damage. So, um, it is really important to, um, incorporate that in your plan and, and be mindful of where you're putting certain investments. Um, uh, you know, I, I think this is probably the part of financial planning that has, um, the most artwork to it.

Because there's all these kinds of rules of thumb and we have target date solutions and we have social security and pension. But the reality is it's, it's, this is really where customization to the unique family or individual comes in. Because if you're 65 and you don't plan to retire, Well, then you might have a 10 or 15 or 20 year time horizon.

You might still be a, you know, more of a growth investors. I'll tell a quick personal story. My grandfather passed away in 2016. He was 94 years old and he worked until he was 92. He had a small business. Um, he'd retired at 55 and was collecting a pension in social security. And, you know, so when I was very young and started, you know, my first kind of part time job as a, as a kid in high school, he made me open up a Roth IRA and, you know, his philosophy, which I don't entirely agree with, but it taught me some really good lessons in investing was, um, he would pick stocks, you know, he would talk to people and I always look for stock tips and the deal that he and my grandmother had is he couldn't buy more than a hundred shares of, of anything, but he never sold anything.

So he had a ton of stocks and they would just reinvest that dividend time over time again, uh, every now and then he'd buy a little bit more than the, than the hundred shares. But, um, uh, but he would always tell me, I don't understand bonds. I don't want any bonds. I just want stocks. And he's 90 years old.

But he was able to take that risk because he had, um, you know, done the planning. He had income coming from other places and it wasn't going to jeopardize, you know, their ability to stay in their home and take care of their needs and so forth, which is a nice little segue into another concept that I want to share with our audience, which is you can segment your retirement assets for purposes.

So we always talk about what are your goals? Well, most people don't have just one goal, right? It might be, Hey, my goals are to retire, but I also want to give to my church and I want to give to charity and I want to help my kids, you know, put their kids, my grandkids through college. So you can have multiple goals.

And those goals might have different time horizons. So you may have buckets of money that you create, sometimes in one account or sometimes in a separate account, with a different hot time horizon and a different objective. So, you know, if you're somebody that you know you've got some money that you're never going to touch, let's say in a Roth IRA, you might put that 100 percent in stocks, even though you're in your 70s, because the plan works without that money.

And the reality is, if you're investing that money for another generation or for a charity, You can afford to take more risk in it. And people will say, Oh, well, I'm not super wealthy. That's not for me. I had a client that gave 10 a week, you know, when they passed the plate at the church, and she had to take an RMD, which is a required distribution from her IRA, trigger some tax bill, um, and, you know, she didn't like that, but we would just take the RMD, pay the taxes, and put it in a different account for her.

So we use something called a qualified charitable distribution. We took that same amount of money that she was going to give to her church over the course of the year, but now we did it from the IRA. She didn't have to pay tax on it. And oh, by the way, her church was doing a playground project and she was able to make a 1200 donation.

And it was so fulfilling to her to be able to make that contribution. And this, you know, was a retired school teacher, not uber wealthy, but used a fairly sophisticated planning technique to achieve a goal that otherwise might have, you know, gone unfulfilled. So it doesn't really matter where you are in the wealth spectrum.

Um, a little bit of planning, you know, to David's point, placement of assets and to Katie's point about allocation. Um, you know, there's some really cool things that you can do. Just by having that conversation with your advisor and letting them know what's, you know, what's important to you. I love that. I love that.

1 of the things that, um, a lot of folks are concerned about right when they are getting into retirement is, you know, I've, I've been on my, my company's health care plan, my health insurance, I know Medicare is coming. What steps should I take to ensure I have adequate health insurance coverage when I retire?

David, do you want to start us off? Sure. Yeah. Well, I think the most important thing is to have a plan. It's definitely something that you want to think about before you retire rather than when you submit your retirement papers, particularly if you're planning on retiring prior to age 65. You know, if you're 65 or older and you qualify for Medicare, that's almost always going to be the health insurance option that makes the most sense for you.

You may want to purchase an Advantage plan or a supplemental policy to cover any gaps that basic Medicare does not cover, but I think it's a little bit more cut and dry. You can fairly accurately predict the premiums and deductibles and everything associated with that. Um, I think when you, when you do retire before age 65, though, that's when it's especially important to understand what your options are.

Um, you know, the, so the few common options that I see, one is COBRA. Uh, that's where you continue to stay on your employer's coverage, uh, usually up to 18 months. Uh, you're, you're responsible for paying the, the full freight of the premium, so there's no employer subsidy, uh, on, on that insurance. But oftentimes that can be convenient to just continue that existing coverage familiarity that you have with, uh, with, uh, the insurance plan.

Uh, but it can be expensive. If your spouse is still working, maybe you can hop on to your spouse's health insurance plan. That could potentially be a nice bridge over until you qualify for Medicare. I've seen larger employers have a group retiree plan, so if you work for a bigger company, potentially investigate that just so that there is some insurability that you don't have to worry about that you can tap into that plan and that group policy.

Um, and another is just the marketplace, whether that's, uh, you know, the Affordable Care Act public marketplace, or whether that's private insurer, um, you know, getting insurance, uh, through, through one of those carriers. Uh, so I think, you know, just understanding what your options are is really, really important.

You, you definitely don't want to have that surprise when you retire, because, Some of those options that I mentioned can be quite costly and really chew into that retirement budget. Something that you may not be used to when you are working and it was just automatically deducted from from the paycheck.

I'll add one thing because we talked about pitfalls. Because I, David did a great job summarizing it. I can't tell you how many times I meet with people and they push off retirement. Because they think they can't afford health care. Set up a meeting with a Medicare expert. You know, this, this is a topic where I'll tell clients, you know, I, I'm not a Medicare expert, but I stayed at Holiday Inn Express last night, right?

Like I know enough to be dangerous. But bring the people that work in that day to day to the table. Because, you know, just like with the financial planning, if you can afford the health insurance, Then you can, you can retire as long as it fits in your plan. But so often people look at it. They don't take the time to learn about it.

And then they just keep working because they, you know, really don't know what's available to them. So David highlighted a lot of great options, but I just, just want to reiterate, don't put it off just because you're, you're in the dark on it. And one other thing I'll add to that is health savings accounts.

CAPTRUST is an extremely powerful savings tool. Um, and so when we talk about start planning for retirement early on. There could be a waterfall, if you will, of where do you start and what do you contribute next, but I think the health savings account is pretty high up on that list for the triple tax benefits, which I don't think today is the time to get into all that.

But by utilizing that and taking advantage of that. It can really be helpful in those retirement years to access your health savings account, to help pay for some of those out of pocket health insurance costs. So, I think that, uh, is something that people need to be aware of when they're thinking about just in health costs altogether.

All right. Um, okay. So we are in retirement. We are spending our money down and whether our goal is to leave a legacy for our community and for our family or whether our goal is to spend the last dime, you're probably going to have something left, right? So why is it important to have an estate plan? Well, everyone should have an estate plan, regardless of the size of your assets.

Um, it's admittedly never very fun to think about what might happen at our death, or if we become, you know, disabled or incapacitated, but having estate documents in place, is really about protecting our loved ones, and it's about making, you know, your wishes known as to what you want to happen, um, when you are gone.

So, having a plan in place eliminates family messes and drama, um, helps minimize taxes and expenses, and protects all the beneficiaries, um, involved. Because without an estate plan in place, um, the court will have to get involved and decide who gets your assets, and that process can take years, um, rack up fees, Oftentimes, it gets ugly between family members and beneficiaries.

Um, you know, so a good, I would say, you know, basic estate plan has a will, powers of attorneys, and, you know, sometimes trust, depending on the situation. Most of you have probably heard the term will, that's really the most common estate document. And it's really one that everyone should have. It's a legally binding document that directs who will receive your property and the assets after your death.

Um, it names an executor in it and that's the person we want to carry out those directions. Um, you know, sometimes it's oftentimes it's spouse, but it can be someone else, um, depending on your situation. Um, if you have minor children, it also means, um, in that document, the guardian who will care for those minor children.

If you become incapacitated or disabled, um, but it really gives you control over your legacy. Um, it's pretty straightforward and inexpensive to create. Um, and the important part too is that it can be changed during your lifetime. So as circumstances in your life change, um, you can go back and, you know, add or, you know, detract things or, you know, add possessions, things like that, um, as your life kind of moves along.

Um, I know David and Tim, you probably have some other things to jump in about trust and powers of attorney. So I'll let you do that. So, uh, I'll jump in real quick. Um, you know, uh, Katie did a great job of kind of summarizing things. Um, uh, you know, we, we talked earlier about you do a financial plan. Like, what is it for?

You do the estate plan, you know, what are you solving for? Is it the disposition of assets? Is it the control of assets? Um, you know, we've had clients where, you know, I've got three kids and one's in a messy divorce and one is, you know, on solid footing and great with money and the other one has substance abuse issues.

And so while I love my kids equally and I want the money to go equally, I might need to actually split my estate up to handle each of their, you know, individual situations. Um, it might be that I want 20 percent of my estate to go to these three charities. Right? Um, again, our job is not to say, do this or do that.

It's just to implement whatever your wishes are. And having those discussions, um, can, um, open your eyes potentially to some things that you, you maybe hadn't considered, uh, you know, again, as it relates to the family and so forth. The other part of estate planning is the informal part of estate planning.

So you can have the best crafted will or trust. And if you lock it in a drawer and nobody knows it's there, and the people you name as your executor and your trustee don't know about it, well then your estate or, you know, may not get administered the way you want. So it's really important that whoever you select to be in these key roles that Katie highlighted, that you have a general conversation with them about their willingness to do those and serve in that capacity.

That doesn't mean that you need to sort of like open your balance sheet and share with them every bank account and dollar. They just need to know that like, hey, if I'm gone, you're, you're going to be the one settling my estate. And if they say no chance, no way, well, then you might want to think about naming somebody else.

The other thing that's really important is life changes, people move, tragedies happen. So not only do you want an executor, but you want a successor, or if you're naming a trust, you want a trustee and a successor of that trustee. Um, thinking about family dynamics, and again, um, a lot of times it's not the dollars and cents it's Who gets the house that we grew up in or who gets mom's engagement ring or who gets you know the China set or whatever some of those things that are really emotional and Sentimental can often be the things that kind of drive a wedge between family members and sometimes I've talked to clients They'll go.

Well, that's not my problem. I'm not gonna be here. They'll deal with it. And that's fine Just recognize that might create some conflict on the other hand having a conversation with family or kids or loved ones You About what you want to happen, um, can often make things go a little bit smoother. And again, that doesn't mean that everybody needs to know all of the details of your state plan.

Um, but if they know that like the house is supposed to go to Jimmy and, you know, the wedding ring goes to Susie. Then, and write that stuff down, because then, you know, it's a little bit harder to argue with. That will help with the state administration as well, um, and, and hopefully avoid, you know, family conflict and that kind of thing.

Yeah, I, I completely agree. I think, to the extent you're comfortable with it, and just overall family dynamics, because everybody's different. I think getting the family involved during that process is never a bad idea. Um, you know, particularly Tim, you mentioned if you want to leave 20 percent of your estate to a charitable organization.

Um, I think to clearly define that with your heirs is never a bad idea, just so that way they're aware of that. Uh, maybe they're not planning on something that isn't ultimately going to go to them. So, um, I think being very explicit about that is, is, is critically important. Um, you know, one thing, uh, I think, Katie, you mentioned is just beneficiaries, ensuring that your beneficiaries, uh, on your various accounts are up to date.

Um, oftentimes a beneficiary supersedes what's in your will. So, if you have this beautifully drafted will, But you don't update your beneficiaries to be aligned with that will, it could all be for not. And so it's good to periodically review those beneficiaries on things like IRA accounts, life insurance, 401ks, just to be sure that the beneficiaries are aligned with your will.

So that way there's no surprises later on. It doesn't mean you need to update them every time you review them, but just to make sure, check the box. Yes, that's That's exactly how I, I want that stated. Great. Good financial hygiene for sure. Um, one other thing to throw in there, you know, we talked a little bit about charity.

Um, charity can actually be a way to bring your heirs together, right? So let's say that you want to leave, uh, I'll give a quick hypothetical. You got a million dollar state, you want to leave 10 percent to charity. You can put, say, 100, 000 in a donor advised fund and then name, let's say you have two children, you'd name those children as successor trustees of that donor advised fund.

And now your kids, they, they can't use that money. It's an irrevocable gift, just like in a foundation, but then they've got to come together and agree. On an annual basis to give money from that fund to a charity. So, you know, charity, church, that type of thing is really important to you and your legacy.

It's a way to continue that legacy without it just kind of writing a check. You know, now those kids, um, or heirs or, or next generation are actually involved in the giving process. They might be more involved in those organizations, organizations. So there's really a way to have an impact. Um, you know, when you're gone, just again, doing a little bit of planning and thinking about how you structure things.

Wonderful. Well, y'all have inspired me to go meet with my financial advisor. So, uh, Tim, what questions should I be asking my financial, um, advisor regarding my plan? So, um, my cheeky answer is you should ask whatever question is top of mind, right? Um, if you're thinking about it, that's the most important question of the day.

Um, when you engage with a CAPTRUST advisor, if you miss something, You know, we've got pretty regimented processes that, you know, we're gonna bring up. If we're talking about how we're gonna spend it, and the house we're gonna buy, and the car we're gonna buy, that's great. If we haven't talked yet about how we're gonna pay for it, you haven't brought that up, that's gonna be part of the planning exercise.

You know, if we've done all the budgeting and we haven't talked about where the money is gonna go when we're gone, You know, that's part of the beneficiary designation exercise. So, you know, the, uh, working with a financial advisor, you're really not going to end up with any gaps, um, but figuring out the priority is really part of, you know, getting to know each other and having that working relationship.

So, um, you know, any and all questions, you know, no matter what it's about, um, that's what you should be asking. Uh, what I find is kind of organically as you lead into retirement and you process rollovers and you start collecting your pension. Um, the things that need to get done kind of get triaged pretty organically.

So, um, if you're thinking about it, write it down, make sure you get, um, an answer about it. Here's the other thing I would say, if there's something you're uncomfortable about, Even if you can't really pinpoint it, you need to talk with your advisor about that, right? Because the last thing you wanna do is make a, a huge life decision.

Leave a job, a good paying job, and then find out that, you know, something is really important, got missed in the plan. So if there's something that just doesn't feel right, um, it probably isn't right, and, and you need to kind of raise your hand and say, Hey, this is bothering me. Um, what am I missing? And it may just be you need that reinsurance.

There may be nothing wrong, but ask those questions and, and, and really lean on your advisor to guide you through that process.

Katie, you want to go, go next or? Yeah, I mean, I was following up on what Tim said, although he did a great job answering the question is, you know, am I on track and making progress towards my goals? Because if your advisor can't answer that question, then you can't really expect them to help you. Get to the destination of where you're trying to go.

So, um, you know, it's, it's crucial, like we mentioned earlier, just to have those honest conversations, um, with your advisor. Um, and hopefully that'll prompt your advisor to ask you clarifying questions. Um, and in that way, they can help with the holistic planning and, um, you know, also tell you the likelihood of.

if you're going to be able to achieve your goals or not. Maybe you need to stop spending. Maybe you need to save more. Um, you know, whatever the case might be. So it's just really, you know, an open, honest exchange of information. Good point. That one, one thing I'll add is, uh, if there is a question, in addition to everything Tim and Katie mentioned is just taxes.

Uh, taxes Your tax situation will likely change when you do retire and, uh, for the rest of your life as required distributions tend to happen from your retirement accounts. Um, you also may have to start making quarterly estimated tax payments off of portfolio income when usually that was all being withheld from your paycheck.

Just to get an understanding of how will my tax situation change now that I'm going to retire and what are some things that I should be thinking about either before I retire to help alleviate that or when I do retire, what are some strategies we can be, we can be thinking about for me personally. Um, so I think that's always something that you want to be, be mindful of.

I'm going to add one last, add one last thing, Mandy. Of course. It, it's um, you know, sometimes it can seem daunting. You know, we just spent. I know the better part of an hour talking about all of the things that go into planning and asset allocation, diversification, estate planning, income planning, all that good stuff.

Um, you don't do that all in an hour, right? Financial planning is really a process. Um, you know, we have a statement, a saying in our office, how do you, how do you eat the elephant? You eat it one bite at a time. Um, you just got to start and, and trust in the process, you know, be open and transparent about what you have, what your concerns are.

You know, you don't, you don't go to the doctor having chest pain and say, Oh, everything's fine. Right? Like if you've got pain, financial pain or concerns, you know, air that with your, with your trusted advisor. Um, and, um, you know, that, that leaning into the process like that is, is really, you know, the key to, to having positive outcomes, but you got to start and like I said, don't be intimidated by it.

You just take it one, one bite at a time, one meeting at a time. And, you know, pretty soon you wake up and you look back and it's like, wow, I've got a pretty good financial plan. I like to say planning is a verb, right? So it's something that we do continuously. Wonderful. Um, well, thank you all for answering, um, our questions.

We've got just a few takeaways that it would be nice for, um, folks to be able to remember. Um, so one, craft a personalized financial, uh, retirement plan tailored to your goals. So your goals are the things that are important to you and how do we create that plan to meet those goals. Shift your investment strategy in line with your goals and time horizon.

That's going to change over your lifetime. It's not going to be a set it and forget it type thing. Um, number three, understand health care and insurance options. There are, there are lots of options out there, um, and, and take the time to navigate those options. Um, and then last but not least, review your estate plan and your beneficiary designations.

Those, again, are things that are always good to review. It doesn't mean you're going to change it, but it's always good to double check it. Um, so those are some things we'd love for you to remember as a result of our panel discussion here today. Um, we do, um, have a few questions. We got, um, a lot of questions.

So I tried to group them, um, into themes. Um, so first kind of theme from our question is, um, about Roth conversions. Um, when, when do Roth conversions make sense? Somebody, um, as, as they're getting into retirement or in retirement, yeah, I can take a stab at it. Um, and I was an economics major in college. So I'll just use the answer of it depends because that's all I really learned, uh, during that time period.

But, uh, I think in general, whenever you enter into a lower tax bracket. Um, those generally are good years to do, to look at Roth conversions, uh, to convert dollars and pay taxes at a lower rate and convert that into a tax free bucket. To have that growth going forward without being subject to taxation later on.

So if, if you retire and you expect to have low taxable income for a few years prior to collecting Social Security or required minimum distributions, Those can be good years to look at Roth conversions, pay tax at a 10 or 12 percent rate, um, to prevent that from being taxed at a much higher rate later on down the road.

But every situation is different and you really have to look at other factors like your Irma Medicare premiums. And other things that can be affected to the second and third degree when you forced income like that. Great points. Another theme that was very common in the questions that we got is how do I decide when to take Social Security?

Yeah, I can hit that one. You know, the along the same lines is what David said. It depends. A lot of that decision is, you know, very personal and it depends on a lot of different factors that are, you know, kind of what other income sources. Do you have your financial need? Spousal considerations, if your spouse is still working or not.

Health status, if you're sick, if you're disabled. Also family longevity, you know, maybe the family members who lived into their 90s, things like that. Because the right social security timing decision can Potentially provide, um, hundreds of thousands of dollars or more in benefits depending on how long you live and when you start taking the benefits.

And, um, proper social security planning, um, can also extend the life of, you know, your portfolio and savings because you're not needing to pull so much, you know, for, um, from the portfolio for living expenses. So, it's important to really think through the timing of starting benefits and get it right. But that's why, you know, it's great to work with an advisor because, you know, we have the tools to help analyze, um, you know, the different scenarios and plan your cash flow and decide, you know, which buckets that you're going to need to pull income from.

So, um, you know, there's, there's someone along to help with the decision making. Wonderful. Well, Tim, David, and Katie for joining us today. to all of our attendees. We are so excited that you were able to join us. Um, and we, we hope that this was helpful to you. Have a wonderful afternoon. Thank you. Thank you.

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