

8 STEPS TO BUILDING YOUR IDEAL RETIREMENT



SWELL FINANCIAL

Planning + Investments



YOU'VE WORKED HARD YOU'VE SAVED AND RETIREMENT IS NOW WITHIN REACH

Congratulations ... well almost

You are in the home stretch towards retirement.

These next few years are going to be critical in determining the type of retirement you have.

In the very near future, you're going to be shifting from receiving a paycheck to living off of whatever you've been able to save and invest.

That is a massive shift! And I want to make sure that you're ready.

So, I created a guide for you to have and use as a roadmap to ensure you've done everything in your power for that big day.

This is where the *fun* begins, and I want to invite you to dream and plan.

Our focus together will be to help you keep more of your hard-earned money, pay less in taxes and design the retirement experience you've always wanted.

I've broken down this guide into two main parts:

1. Steps you can begin doing today before retirement.
2. Tax Savings techniques to begin thinking about now and potentially implement once retired.

I encourage you to spend some time going through this fully, taking notes, and making it your own. I'll be here to help with whatever you don't know.

Here's to Happy Planning, *Nick*

8 IMPORTANT STEPS

TO BUILDING YOUR IDEAL RETIREMENT



IMPORTANT STEP # 1



ANALYZE YOUR SPENDING



First things first, no one here is telling you to go on a budget. In fact, in my household, that's a four-letter word.

INSTEAD

I want to encourage you to spend freely and enjoy your life; after all, you've worked hard to get to this point.

So, what am I asking you to do?
GET INTENTIONAL ABOUT YOUR SPENDING

Why?

Studies show, that once you're retired, your spending isn't going to change all that much from when you were working.

*So, let's begin to take notice **today** of where you're spending your money.*

With the goal being of spending more on the things that bring you joy and happiness and less of it on the mindless purchases and automatic subscriptions you forget about or never use.

EXPERT TIP

Using a Budgeting App like Mint or Every Dollar will help you learn more about where your money is going and provide you with a FREE Spending Report

IMPORTANT STEP # 2



MAKE IT YOUR OWN



I want to try something with you ...
Take a moment to pause from your day, wherever you're at.

And begin to take a few deep breaths in and out.
Slow everything down.
Maybe even try closing your eyes.
And begin to visualize ***YOUR IDEAL RETIREMENT.***

WHAT IS IT THAT YOU HAVE ALWAYS WANTED TO DO?

Maybe it's that lake house you've envisioned spending Summers at with your family.

Or stepping into that volunteer role with that nonprofit you've always wanted to partner with.

Whatever it is, take the next few moments to sit, relax, breathe and visualize.

And when you're done, write it down. All of it. Nothing is off-limits.

THINGS TO WATCH OUT FOR

1. Putting things off until it's too late
2. Waiting for everything to be perfect
3. Holding back or limiting your beliefs in fear of what others might think
4. Valuing possessions over experiences and memories

IMPORTANT STEP # 3



START PICKING THE LOW HANGING FRUIT TODAY



James Clear, the author of "*Atomic Habits*", writes about making small, incremental changes that lead to big payoffs. In it he says, "*Small habits can unlock the improvements you need to get the results you want.*"

Think about sailing and being 1-degree off-tack... you'd end up in an entirely different destination.

Setting your accounts to **automatically increase your savings rate each year** by an extra 1% of your income for the next decade could add tens of thousands of dollars to your nest egg and be the difference-maker in an early retirement.

The idea here is making *incremental* changes today will have a lasting impact when compounded over years or decades.

You don't have to do it all at once but using this list below will allow you to make sure you're saving as much as possible, tax-efficiently might I add, for your retirement.

EXPERT TIP

GET YOUR EASY WINS AND BUILD MOMENTUM

1. Get your 401(k) match - It's FREE money
2. Max out your IRA at \$7,000/year
3. Max out your 401k at \$27,000/year
4. Start, Fund, and Contribute to a HSA

IMPORTANT STEP # 4



START BUILDING THE BRIDGE NOW



Perhaps the most overlooked account when it comes to stretching your retirement dollars is your brokerage account.

WHY?

TAXES

By pulling money from this account **FIRST** in retirement, it will allow you to be taxed at a lower rate and keep more of your hard-earned money.

So, what's the strategy for getting started today?

In addition to funding your retirement accounts, start putting money into your Brokerage account in the years leading up to retirement.

Doing so will allow you to potentially:

- Lower your Taxable Income in Retirement
- Have the resources to choose to delay Social Security
- Keep your Retirement assets growing uninterrupted
- Create other favorable tax planning opportunities

IMPORTANT STEP # 5



PLAN YOUR SOCIAL SECURITY STRATEGY AHEAD OF TIME



DID YOU KNOW: Social Security will add an extra 8% to your benefits for every year you decide to delay taking Social Security after turning 67?

This is a GUARANTEED 8% RATE OF RETURN just for waiting! And if you're not yet retired, you have time today to start planning out different ways to delay your Social Security and collect more money.

This could look like, staying longer in your job, using your brokerage account to live off of (TIP #4), or finding a part-time job that's a hobby/passion of yours.

Other factors to consider before claiming Social Security are:

Do you have a Pension to draw from in the meantime?

How well funded is your investment portfolio?

What is your current level of satisfaction at your job?

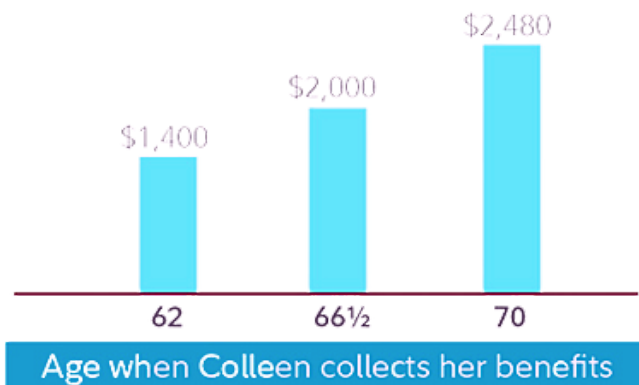
How healthy are you? Family genetics, current lifestyle and longevity/heredity

Delaying can boost monthly payments compared to claiming early



Colleen
62, single

Monthly Social Security benefits



Waiting until age **70** would increase Colleen's monthly benefits by more than **77%** and her lifetime benefits by more than **24%**.

Image Credit: Fidelity.com

IMPORTANT STEP # 6



DON'T TIP THE IRS - PART I



Millions of Retirees each year wind up paying more than their fair share in taxes due to a lack of proactive retirement planning.

Learning where to take your first dollar from in retirement could amount to savings hundreds of thousands of dollars in taxes over your lifetime.

Not to mention, pulling money from your Brokerage account first will allow your retirement assets to continue growing and protected from taxes.

Each situation will vary, but having an Asset Location strategy could look like taking money out in the following order:

01. BROKERAGE ACCOUNT (TAXABLE)

02. IRA, 401K - TAX DEFERRED

03. ROTH IRA - TAX FREE

IMPORTANT STEP # 6



DON'T TIP THE IRS - PART II



By deciding to delay Social Security, chances are, you may yourself in a lower tax bracket today than you will be in a few years. If this is the case, you may want to consider taking advantage of this opportunity.

GOT ANY IDEAS

I thought you would never ask!

ROTH CONVERSIONS

Implementing a ***Roth Conversion*** will allow you to move money from your Traditional IRA into a Roth IRA.

This technique is popular because once you pay the taxes on the Roth Conversion, your money can now ***grow tax-free FOREVER!***

Not to mention, after the conversion, you'll never have to worry about taking Required Minimum Distributions (RMDs) again.

IMPORTANT STEP # 7



CREATING YOUR ESTATE PLAN WHILE YOU'RE HEALTHY



Having an Estate Plan will allow you to decide where and to whom you want your assets to go. Additionally, an Estate Plan will be the vehicle that helps communicate your final wishes should you become incapacitated.

Each Estate Plan will vary in size, complexity, and need, however below are some of the key documents most plans will include:

Last Will and Testament will go into effect upon your passing and is the document that will determine how to distribute your assets and personal belongings as well as how to carry out your desires for end-of-life care.

Revocable Living Trust is designed to provide greater control over high-value assets such as real estate, a business, or your portfolio when you pass away and to help avoid Probate.

Healthcare Power of Attorney allows you to name someone to make medical decisions on your behalf when you may no longer be able to.

Financial Power of Attorney appoints an individual to make important financial decisions for you when you can no longer.

IMPORTANT REMINDERS

1. Double-check your Attorney's work to ensure accuracy
 - a. Are all of your Assets titled correctly and your Beneficiaries up to date?
 - b. Is everything documented as you communicated it to be?
2. Did you recently have a big life change? If so, make sure to update/amend your Estate Plan accordingly
3. Make sure all of your key persons have a copy once completed

IMPORTANT STEP # 8



GIVING & GIFTING



Whether it's to lower taxes, give abundantly or a combination of both, we'd like to provide you with some efficient ways to make a greater impact with your money.

Qualified Charitable Distributions (QCDs) will allow you to donate all or a portion of your Required Minimum Distribution (RMD) starting at Age 70.5 to a qualified charity and **reduce your taxes**. Limit \$100,000 per year.

Donor-Advised Funds allow you to combine multiple years' worth of giving into one tax year and get an immediate, upfront tax deduction. This could be helpful when trying to **avoid capital gains** on long-term investments like selling a house or highly valued stock.

Annual Giving allows you to gift up to \$16,000 per year, per person without needing pay taxes or file a Gift Tax Return (Form 709).

THINGS TO CONSIDER

1. Do you wish to leave any Inheritance to children or family?
2. Do you currently have any Highly Appreciated Stock locked up in a Brokerage Account and you're wanting to avoid a BIG tax bill?
3. Are you dreading taking your Required Minimum Distribution?
4. Are there any charities, causes, or ministries you'd like to help?

8 STEPS TO BUILDING YOUR IDEAL RETIREMENT

01. ANALYZE YOUR SPENDING

02. MAKE IT YOUR OWN

03. LOW HANGING FRUITS

04. START BUILDING THE BRIDGE NOW

05. THINKING AHEAD FOR SOCIAL SECURITY

06. DON'T TIP THE IRS

07. CREATING YOUR ESTATE PLAN

08. GIVING AND GIFTING



NICE TO MEET YOU



I'M NICK COVYEAU, CFP® Founder and Financial Planner

Swell Financial is a fee-only financial planning firm created solely for helping people over the age of 55 prepare for retirement.

I'm a fiduciary and advocate for helping people reimagine their relationship with money, so it's easier to achieve their goals and feel confident about their retirement.

Planning for Retirement can be confusing, but it doesn't have to be

Questions? Let's talk.

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**THANK
YOU!**



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