




BPAS

Retirement Planning Considerations

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What will your retirement look like?

As you prepare for your retirement, having an idea of what you envision your future to be, is key.

Deciding when to retire is as much an emotional choice as it is a financial one and often looks different for everyone. Some retirees choose to work part-time, while others may seek out a new career. Many prefer to dedicate more time to traveling or enjoying hobbies, and some wish to spend additional time with family. Regardless of how you envision your retirement, it's important to consider the following:



Your Finances and desired lifestyle. Evaluate your finances to ensure your funds will support your desired lifestyle. Think about how much money you might need to sustain the lifestyle you envision and create a budget prioritizing your essential expenses.



Your future healthcare costs. Explore your health insurance options and prepare for potential cost increases. As we age, medical expenses can rise considerably. To help mitigate these costs, consider setting up a Health Savings Account (HSA), which enables you to save for qualified medical expenses both now and during retirement.



Consider where you want to live. Some people dream of relocating to a warmer climate, while others prefer to stay near family and friends. Your choice of location can greatly impact your cost of living, and overall happiness in retirement.

Stages of Retirement

Retirement is often divided into three distinct stages, each characterized by unique priorities and financial requirements. Understanding and budgeting for each stage, can secure a stable financial future.

Higher leisure & travel expenses



Go-Go Years

During the first 5-10 years of retirement, individuals typically enjoy an active lifestyle with a focus on leisure and travel. This period can be marked by a desire to explore new places, engage in hobbies, and spend time with family and friends. Consequently, expenses during this time are often higher, as retirees take advantage of their newfound freedom and energy.



Slow-Go Years

Around years 11-15 of retirement, often the pace begins to slow. Priorities may shift toward more relaxed activities and the frequency of such activities may decrease. During these years, it's crucial to take another look at your financial plan to accommodate your changing needs and ensure funds are allocated appropriately to support your overall financial wellness.



No-Go Years

After 15+ Years of retirement there tends to be a significant shift in lifestyle and financial focus. Health concerns become more prominent, leading to increased medical expenses and, potentially, costs related to private nursing care or residence in a senior living facility. Planning for these expenses is essential to maintain comfort and security during this stage.

Higher medical expenses,
private nursing care or senior living facility expenses.



Risks in Retirement

As you approach retirement, be aware of the various **risk factors** that could impact you.

While not all of these may apply to you, it's essential to assess and take each one into account in your long-term planning.

Longevity Risk:

Outliving your retirement savings.

Lifestyle Risk:

Overspending in retirement, whether planned or unplanned.

Investment Risk:

Investing too conservatively or too aggressively.

Withdrawal Risk:

Withdrawing assets too quickly.

Inflation Risk:

Inflation rate may lessen Social Security payments and/or cost of living expenses.

Liquidity Risk:

Not having assets that are readily available for withdrawal.

Incapacity Risk:

Deteriorating health issues may mean higher medical expenses. Or, the inability to make sound financial choices.

Medical Expenses Risk:

Rising costs of medical expenses and the capability of covering them during retirement.

While you're still working



REVIEW YOUR BUDGET

A comprehensive view of your current budget will help you plan your retirement years budget. What expenses will decrease? Most likely, leisure and medical expenses, will increase. Determine what expenses are essential and what you can do to manage discretionary expenses.

PAY DOWN DEBT

Credit cards, car loans, home loans. Whatever debt you can pay off before you retire will reduce financial stress during your retirement years.



INCREASE YOUR EMERGENCY FUND

Aim for 12-18 months of living expenses. Having readily accessible liquid assets will alleviate the need to withdraw from invested accounts. It will also cover financial emergencies when fixed payments, such as those from pensions, annuities, or Social Security benefits aren't substantial enough.

SAVE AS MUCH AS YOU CAN!

Any additional assets you save now will assist you in your retirement years. As you're evaluating your current budget, see if you can reduce some discretionary spending to save for future retirement needs.



Did you know?

You can invest in both your Workplace Retirement Plan and an Individual Retirement Account (IRA).

BPAS IRASelect is an easy-to-use IRA Solution to help customers prepare for a financially secure retirement. Visit iraselect.com for more information.



Click Here: IRASelect

Key milestones to consider

Age
50

You are eligible to make **catch-up contributions** to your **Workplace Retirement Plan, IRA, and Roth IRA**.

Age
55

You are eligible to **make catch-up contributions** to your **Health Savings Account**.

Age
59.5

Withdrawals from retirement accounts are **no longer subject to the 10% early withdrawal penalty**. Check your Summary Plan Description to see if in-service withdrawals are permitted in your account.

Age
62

If eligible, you can now take **early Social Security benefits**. Keep in mind, though, taking your benefits early can result in as much as a 25% reduction.

Age
65

You can enroll in **Medicare** three months prior to your 65th birthday. If you are still employed, Medicare may function slightly differently for you. For specific details regarding your circumstances, visit [Medicare.gov](https://www.medicare.gov).

Age
66-67

Full Retirement Age (FRA) for Social Security benefits is between age 66 and 67. Taking benefits at FRA allows you to avoid any penalties in your monthly amount. Delaying benefits until after FRA will increase your monthly amount.

Age
70

If you've deferred receiving Social Security benefits, start collecting them now. Delaying benefits until age 70 can increase your monthly amount by as much as 32%, but there are no increases after age 70.

RMD

Required Minimum Distributions (RMD) begin as early as age 70.5 or as late as age 73, depending on your year of birth. To determine your RMD start date and projected RMD amount, try our **[RMD calculator](#)**. **[Click Here](#)** or visit **u.bpas.com** — select **Planning**, then **Financial Calculators**.



BPAS Workplace Retirement Plan Withdrawal Options

Understand your workplace retirement plan withdrawal options and learn how timing, taxes, and eligibility may impact your savings—so you can make informed decisions before taking money out.



Installment Payments

Receive your retirement savings in regular payments over time instead of all at once.



Plan-to-Plan Rollovers

Move your retirement savings from your current workplace plan to another eligible employer plan.



Partial Withdrawals

Take out a portion of your retirement savings while leaving the rest invested in your plan.



Lump-Sum Withdrawals

Withdraw your entire plan balance in one single payment.



Did you know? As long as your account balance is \$7,000 or more, you can leave your money invested in your workplace retirement plan. Access as needed with one of the withdrawal options above. RMDs will occur as required.

Withdrawals are subject to taxes and restrictions based upon government regulations and your Summary Plan Description (SPD). Review all documentation provided with your withdrawal request and contact your financial advisor or BPAS if you have any questions.



Estate Planning

Big life changes can mean it's time to take look at your **estate plan**. Events like marriage, divorce, welcoming a child, or growing your assets may affect how you want your finances, healthcare decisions, and legacy handled.

Working with an Estate Planning and/or Elder Care Attorney can help ensure your legal documents are up to date, support healthcare planning as you age, and align any charitable giving goals. Just as important, regularly reviewing and updating those documents helps make sure your estate plan continues to reflect your current wishes. Here are a few considerations you may want to start thinking about:

Do you have a will? A will states where your assets will go upon death.

Do you have a Durable Power of Attorney listed? A Durable Power of Attorney names a person to act on your behalf for financial/business matters.

How about a Health Care Power of Attorney? A Health Care Power of Attorney names a person to ensure your healthcare wishes are followed.

Do you have Beneficiaries listed for each of your accounts? A beneficiary can be a loved one, family member, trust or charity. Having one listed ensures your savings go to who you want and funds avoid legal delays and tax consequences.

For Your BPAS Accounts:

review and update beneficiaries at any time by logging into your account, at u.bpas.com and navigate to **My Profile**.

Employers are only required to hold your beneficiary documents for a certain amount of time after retirement.

Keeping your beneficiaries updated is primarily your responsibility.



Social Security Basics

Deciding when to claim your **social security benefits** can be challenging. Taking the following factors into account can help you make a well-informed decision.



The **age** at which you choose to begin receiving Social Security benefits plays a key role in your retirement income. As you consider this decision, think about your life expectancy, including your health and family history.

- While benefits can begin as early as **age 62**, starting early may result in reduced monthly payments. Waiting until your full retirement age—or delaying benefits until **age 70**—can significantly increase your monthly benefit.



What will your **cost of living** be? Evaluating your current financial needs and determine whether you expect them to rise or fall during retirement.



Will you **continue working** in any capacity during retirement?

What other **sources of retirement income** will you have, such as a pension, savings, or investment accounts?

Social Security Benefits **Eligibility:**

- Must be at least **62 years old**
- Have worked and paid **Social Security taxes** for at least **10 years**
- Have earned an average of **40 work credits**

Visit ssa.gov for more information on benefit eligibility.



Medicare Basics

Medicare gives you a few coverage options, so you can choose what fits your needs best. You may hear about Part A, Part B, Part C, Part D, and Medigap. Each option offers different coverage, and it's important to understand each to make the best decision for your needs.

Part A: Hospital Insurance

Typically helps cover inpatient hospital stays, skilled nursing care, and hospice. The good news? Most people don't pay an extra premium for Part A.

Part B: Medical Coverage

Helps cover outpatient care like doctor visits, tests, and other medical services. You'll pay a monthly premium, and most people will pay a standard premium amount set by the IRS.

Part C: Medicare Advantage

A single plan offered by private insurance companies that combines coverage for Medicare Parts A and B. Many plans also include Part D prescription drug coverage and monthly cost varies by plan.

Part D: Prescription Drug Coverage

Helps cover the cost of prescription drugs through private insurance plans. Each plan has its own list of covered medications (called a formulary), so coverage can vary. There's also an extra monthly premium, which depends on the plan you choose.

Supplement: Medigap

Private insurance that helps pay for some of the health care costs that Parts A & B do not cover, like copayments, coinsurance, and deductibles. Additional monthly cost for coverage varies by plan.

Medicare Eligibility:

- ✓ Age 65 years old. Or, under 65 but qualify because of a disability or another special situation.
- **AND** —
- ✓ You're a U.S. citizen or a legal resident, and you've lived in the U.S. for at least five consecutive years.

Note: Enrollment is based on your age only—Your spouse's age does not influence this requirement.



Medicare Enrollment

When to enroll matters.

Medicare gives you specific enrollment windows—like the **Initial Enrollment Period** and **Special Enrollment Periods**—so you can sign up without paying extra.

Your **Initial Enrollment Period** lasts **7 months**: it starts 3 months before the month you turn 65, includes your birthday month, and ends 3 months after. If you miss that window, you could pay higher premiums—unless you qualify for a special exception.



Let's take a look at Medicare Matthew, as an example.

Matt's birthday is December 20th. Since he can enroll during the three months leading up to his 65th birthday, his enrollment period is September, October and November. Matt's coverage will begin on the first of December, which is the month in which he'll turn 65.



September



October



November

Enrollment Period

Coverage Begins
December 1st

IMPORTANT

- If you are currently employed and covered by your employer's health plan, you may not need to apply for Medicare Part B at age 65. You may qualify for a *Special Enrollment Period* and be able to delay signing up for Medicare Part B without a late enrollment penalty.
- If you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Parts A & B at age 65.



Types of Advisors

As you approach retirement, you may find it hard to plan independently and might prefer an additional viewpoint. A financial advisor may be able to assist you with your retirement goals, investment strategy, withdrawal strategy, budget planning, tax planning, and more. When looking for an advisor, make sure to explore the different types available:

FEE ONLY

Typically charge a flat upfront fee or hourly rate to create a one-time financial plan.

Subject to fiduciary duty.

COMMISSION BASED

Typically work for a company and are paid by commissions on financial products sold to customers.

Subject to suitability standard.

FEE BASED

Typically charge a fee as a percentage of assets under management (AUM) or when enacting trades but provide ongoing advice.

Subject to fiduciary duty.



Consider the kind of assistance you would like, the fees you are prepared to pay, the necessary qualifications, and the details of your investments when selecting an Advisor.



Do your homework

BPAS University and these free resources give you the tools and knowledge to make confident retirement decisions—on your timeline, at your pace. Visit u.bpas.com to discover easy-to-use tools and engaging content designed to guide and support your financial journey at every stage.



Social Security Benefits

Create or review your **my Social Security account** to find out your full retirement age and projected benefit amount. Visit: ssa.gov/myaccount.



Calculate your monthly income

Our calculator will provide you with an estimated monthly retirement income. Try adjusting your retirement age by a year or two to see if there's any impact. For a more customized analysis, log into your BPAS account and try the **Mile Marker**.

CALCULATE



Life Expectancy

A 50 year-old male is expected to live another 28 years. A 50 year-old female is expected to live another 32 years. Find out your life expectancy using the **SSA Actuarial Life Table**. (www.ssa.gov/oact/STATS/table4c6.html)



Required Minimum distributions

Find out when you need to begin your Required Minimum Distributions (RMD) and estimate the amount with the **BPAS RMD Calculator**.

ESTIMATE



Retirement Readiness Checklist

Many people wonder: Have I saved enough? Is now the right moment? Will fluctuations in market or tax rates impact me? **Use this checklist as a tool to provide some reassurance in assessing your retirement readiness.**

Income

- ☐ I have created a budget that includes both essential and non-essential expenses.
- ☐ I know how much income I will need each year when I retire.
- ☐ I know the income sources I will have when I retire and how they will be taxed.
 - ☐ Workplace or Individual Retirement Plan ☐ Social Security ☐ Pension ☐ Other
- ☐ I know when I'd like to retire and have budgeted how much to withdraw each year through at least age 90 to ensure I do not outlive my money.
- ☐ I have determined the best time to begin drawing Social Security.
- ☐ I have an idea of debts that I will need to continue to pay in retirement.
 - ☐ Mortgage/home loan ☐ Credit Card ☐ Car Loan ☐ Other

Medical

- ☐ I have a plan for medical insurance if I plan to retire before age 65.
- ☐ After age 65, I have determined which Medicare option is best for me.
- ☐ I have a plan for covering long-term care expenses, should I need them.

Advanced Planning

- ☐ I have a will.
- ☐ I have a trust.
- ☐ I have a medical power of attorney.
- ☐ I have designated beneficiaries for all of my applicable accounts.



Have questions or need guidance?

Your financial advisor can help you review your options and plan ahead.

Don't have one? BPAS offers a complimentary advisor referral. Visit u.bpas.com to request assistance.



Discover BPAS University

Your **FREE** Online Financial Education Center

BPAS University is a robust interactive financial education center designed to help you feel confident about your money—now and in the future. Explore easy-to-use tools and engaging content built to support your financial journey at every stage.



Financial Education Made Simple.

From budgeting basics to investment strategies, BPAS University offers clear, easy-to-understand resources designed to help you make informed financial decisions with confidence.

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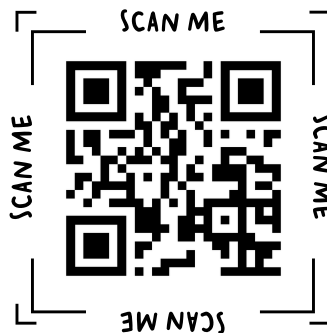
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- Learn from **trusted retirement and benefits professionals**.
- Find resources for **every life stage**, from getting started to planning ahead.
- Log in to view your **plan's investment options, update contributions**, and access your **personalized Financial Wellness Center**.

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Content in this guide is for educational purposes only, it is not construed to be advice. Retirement planning can be complex. For investment strategies regarding your entire portfolio, or for comprehensive financial, tax and/or estate planning situations, you should consider working with professionals from the financial, accounting, and legal fields.

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