



# Retirement Planning Considerations



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A background image showing a pair of hands drawing on a map with a red marker. The map is spread out on a wooden surface, and the scene is lit with warm, golden light, suggesting a sunset or sunrise. The hands are positioned in the upper left and center of the frame, with the right hand holding the marker and the left hand pointing at a location on the map.

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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. But regardless of how you envision your retirement, it's important to consider the following:



**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.



**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](https://iraselect.com) for more information.

[Click Here: IRASelect](https://iraselect.com)



# 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](https://u.bpas.com)** — select **Planning**, then **Financial Calculators**.



# BPAS WORKPLACE RETIREMENT PLAN WITHDRAWAL OPTIONS



**Installment  
Payments**



**Plan-to-Plan  
Rollovers**



**Partial  
Withdrawals**



**Lump-Sum  
Withdrawals**

*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.*



## **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.





# ESTATE PLANNING

**Regularly review and update your legal documents to ensure that your estate plan accurately reflects your current wishes.**

Big life changes such as marriage, divorce, the birth of a child, or the acquisition of significant assets can all impact your estate planning needs. Consider meeting with an Estate Planning and/or Elder Care Attorney to ensure that your legal documents are in order, to assist with healthcare planning as you age, and to establish any charitable giving objectives.

**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.

**Who are your Beneficiaries?** 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. Make sure you have beneficiaries listed on each of your financial accounts. Workplace Retirement Plan, Pension, IRA, HSA, Bank Account etc.



**For your BPAS Accounts:**

review and update beneficiaries at any time by logging into your account, at [u.bpas.com](https://u.bpas.com) and navigate to **My Profile**.

Employers are only required to hold your employment 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.**

However, taking the following factors into account can assist you in making a well-informed decision.



The age at which you decide to begin receiving benefits is crucial. As you navigate this decision, take into account your life expectancy, including both your health and family history.



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?



What other sources of retirement income will you have?

## 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**

While you can begin as early as 62, doing so might result in reduced monthly payments. Waiting until your full retirement age or even delaying until age 70, which can significantly increase your monthly benefits.

Visit [ssa.gov](https://ssa.gov) for more information on benefit eligibility.





# MEDICARE BASICS

There are various Medicare options to choose from based on your individual needs. Medicare Part A, Part B, Part C, Part D, and Supplemental Medigap. Each option offers different types of coverage, and it's important to understand what each part entails to make the best decision for your healthcare needs.

## Part A: Hospital Coverage

Typically helps with inpatient hospital costs, skilled nursing services, and Hospice. For most people, there's no additional cost for Part A.

## Part B: Medical Coverage

Helps with outpatient costs like doctor visits, testing, and medical services. You pay a Part B premium each month. 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 include Part D prescription drug coverage and additional monthly cost varies by plan.

## Part D: Prescription Drug Coverage

Helps with the cost of prescription drugs offered through private companies. Each plan has a list of drugs (formulary) that it covers and lists can be different by plan. Additional monthly cost for coverage varies by plan.

## 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, you're under 65 and 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.

Visit [medicare.gov](https://www.medicare.gov) for more information on benefit eligibility.

Even if you are currently receiving Social Security benefits, you must wait until you reach 65 to enroll in Medicare. Your age is the only consideration; your spouse's age does not influence this requirement.



# MEDICARE BASICS

## Enrollment:

The Initial Enrollment Period and Special Enrollment Periods provide chances to enroll in Medicare without facing extra charges.



**When to Enroll:** You must enroll within the 7-month window. Generally, you can first enroll three months before your 65th birthday month, during your birth month, and up to three months after your birth month. If you enroll after the Initial Enrollment Period, premiums could be higher unless you qualify for an 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 day of December, which is the month in which he turns 65.*



**Birthday:**  
December 20th



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.

Visit [medicare.gov](https://www.medicare.gov) for more information on Medicare Enrollment.





# DO YOUR HOMEWORK



## 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](https://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 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**.

[MORE INFO](#)



## 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](#)



Visit **[u.bpas.com](https://u.bpas.com)**  
for videos, blog  
articles, calculators  
and more to plan  
your retirement  
journey!



# RETIREMENT READINESS CHECKLIST

Looking ahead, 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 what year I hope 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    ☐ 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.



### How did you do?

If you need assistance reviewing or creating a strategy, contact your financial advisor for guidance.

**BPAS offers a complimentary advisor referral process**

If you do not have an advisor, visit the **Planning Help Center at [u.bpas.com](https://u.bpas.com)** to complete the [Request for Assistance form](#).



# BPAS UNIVERSITY

Manage your account, explore retirement planning resources and much more!



Videos &  
Podcasts



Quick Tips & Self-  
Study Courses



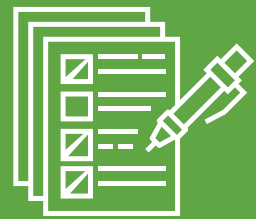
Financial  
Calculators



Webcasts  
& Tutorials



Financial  
Planning Tools



Quizzes &  
Questionnaires

**Empower yourself** with the knowledge and tools necessary to achieve your financial goals and secure a stable future!  
It's **never too late** to start building a solid financial foundation, so why not begin today? **BPAS is here to help you along the way!**



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## RESOURCES

**BPAS UNIVERSITY: [U.BPAS.COM](https://u.bpas.com)**

**SOCIAL SECURITY ADMINISTRATION: [SSA.GOV](https://ssa.gov)**

**MEDICARE: [MEDICARE.GOV](https://medicare.gov)**

**AMERICAN ASSOCIATION OF RETIRED PERSONS: [AARP.ORG](https://aarp.org)**

**RETIREMENT PLANNING TOOLS: [USA.GOV](https://usa.gov) & [INVESTOR.GOV](https://investor.gov)**





*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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