

RETIREMENT PLANNING TOOLKIT

Navigate market uncertainty, build confidence, and know exactly where you stand.



PARTRIDGE
FINANCIAL

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5 WAYS TO STAY CONFIDENT IN RETIREMENT

Today's retirees are living longer than ever before and experiencing retirement in new ways.

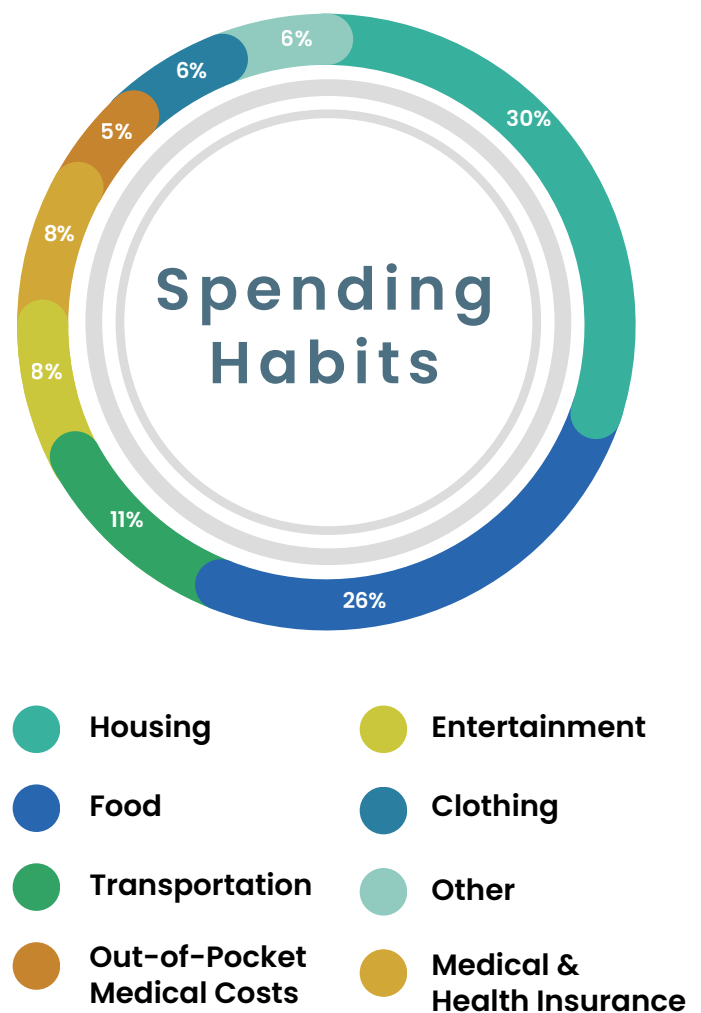
Gone are the days when people worked 50 years for the same employer, retired on a predictable pension, and settled down into a quiet lifestyle. Today's retirees are more active – with baby boomers controlling 70 percent of the country's disposable income. They're traveling the world, learning new skills, and redefining what creates a retirement community. With 10,000 boomers retiring daily, this drive to enjoy a vibrant retirement is becoming more common.^{1,2}

In addition, pre-retirees appear to feel less confident about retirement than in years past, with only 64 percent saying in a 2023 EBRI survey that they believe they can retire comfortably. In part, this drop in confidence is due to poor performance by financial markets in 2022 and the uptick in inflation that occurred in the same year.³

While you can't be certain what the future holds, you can strategize for the retirement

life you want – and take these five steps to help you get there with confidence.

Average monthly retiree spending.



Step
01

Calculate Your Actual Costs

The good news is that half of all pre-retirees have tried to calculate how much they will need to live comfortably in retirement. Knowing how much money you need is critical when forming a retirement strategy. ³

If you don't identify your actual retirement costs, you risk leaving yourself without the necessary income to cover your expenses. Were you to find yourself in that gap, you might need to adjust your lifestyle. You can build financial strategies that may help you become more confident by knowing how much your retirement may cost and by identifying many of the expenses you can anticipate. Here are some questions to ask as you create your budget:

How much will my living costs be?

Expenses can add up quickly in retirement. On average, households run by people aged 65 years or older spend about \$4,345 each month. ⁵

To identify your costs, list out every dollar you spend to support your daily living needs, from your transportation to your food. Pay particular attention to any expenses you may be able to eliminate from your budget.

What will my health care costs be?

A retired couple should prepare to spend \$315,000 or more to cover health care expenses during their retirement years. A single person should prepare to spend \$157,500.⁶ One choice that can help retirees prepare for health care expenses is to invest in a Health Savings Account (HAS). An HAS isn't insurance, but it does provide a tax-advantaged savings account to which you, and potentially your employer, can make contributions over time. You can use these funds to pay for most medical expenses, including the costs of prescription drugs, dental care, and vision care.

Keep in mind: Once you start Medicare, you can no longer contribute pretax dollars to your HAS. If you were to withdraw money from your HAS for a nonmedical reason, that money would become taxable income, and you would face an additional 20 percent penalty. After age 65, you can take money out without this 20 percent penalty, but it would still become taxable income. HAS contributions are exempt from federal income tax, but they are not exempt from state taxes in certain states.

What income will I have?

Income can come from a variety of sources, such as retirement accounts, pensions, part-time work, and Social Security. One rule of thumb stipulates that retirees may need 80 percent of their pre-retirement income to enjoy a comfortable retirement. However, that number can vary significantly depending on your lifestyle.⁷



Step

02

Manage Debt

Some retirees are retiring with debt. The average debt held by someone between the ages of 56 and 74 years is \$96,984.

For households headed by individuals ages 75 years or older, an average of 7.3 percent of their total income goes toward debt payments.^{8,9}

Debt can play a role in any financial strategy, but it's critical to understand its benefits and limitations, especially in retirement.



Step

03

Forecast Income

Start your retirement strategy by calculating your actual costs and creating a working budget. Put together lists of both the sources of your funds and where you are directing those funds. Without a clear look at your income and where you are directing it, you might lose sight of your budget and find it more challenging to maintain your lifestyle.

About 33 percent of workers expect that Social Security benefits will be a major source of income for them during retirement. In reality, 67 percent of retirees say that Social Security is a major source of income in their retirement. The average monthly payout is \$1,791.^{10,11}

When strategizing, you should consider designing diverse sources of income to last the rest of your life. Work with a trusted financial professional to help you identify your income needs. Only 34 percent of workers take this potentially helpful step. The amount of income required in retirement varies from person to person, since different lifestyle choices, health care expenses, and other personal details may drive one's budget.³

Step
04

Build Your Savings

Here's a retirement reality check: more than one in four retirees are not confident that they have enough saved to live comfortably in retirement. ³

As a rule of thumb, you should expect to save enough for retirement that you can withdraw 80 percent of your pre-retirement income annually. For many, that's a staggering amount of money. Sources of income may include Social Security payments and a combination of retirement account and private savings. ⁷

Many people say that they expect to rely on their employer-provided savings as a vital source of retirement income.

Savings & the Pension Problem

The once-common pension is disappearing in the U.S. Pensions were the most common retirement plan offered by employers up until the 1980s. Now, only 15 percent of private sector workers have access to pensions. ¹²



Step 05

Continue Working

While many people think of retirement as a time when they'll stop working for others, others see continuing work as part of their overall retirement strategy.

Fifty-five percent of workers say that they plan to continue working at least part time after they retire. ¹³

Whether you are preparing to work or not, here are some benefits that working can bring for your retirement:

- **Augment your income.** Whether for extra spending money or to cover daily expenses, continuing to work may help you keep money in your pocket. It may also fill any gaps left by other income sources. Your financial goals may help determine the amount of money you need to keep making from part-time or full-time work.
- **Explore new passions.** For some people, retirement work means tapping into old or new passions. When you feed these interests, you may also encourage ongoing personal growth in your later years, which may further support your health.
- **Stay social.** Maintaining a social network in retirement may help people stay positive and healthy. In fact, 25% of workers who are working or plan to work past the age of 65 do so just to maintain social connections – and 26% of workers say they fear feeling isolated and alone in retirement. Staying active at work may help you beat these blues. ¹³



The Takeaway

Creating a strategy for retirement is essential. Only you know what a fulfilling retirement means to you, and today is a perfect time to take steps toward the life you envision. By calculating your costs, getting ahead of your savings, and working with a professional, you may set yourself up to retire comfortably—and confidently.

Remember, if you have any financial questions, we can help you navigate a complicated retirement landscape and collaborate with your legal and tax professionals. We believe that retiring is an opportunity to realize your best life, and we're here to help you make that vision a reality.

Retirement Readiness Scorecard

A Planning Snapshot for Individuals Approaching Retirement

This scorecard is designed to help pre-retirees assess how prepared they may be for retirement across key planning areas.

How to use this scorecard:

Review each section and check the box that best reflects your current situation. Tally your checks at the end to see where you may feel confident and where additional planning may be helpful. Use your results as a starting point for further education or conversation.

Retirement Vision & Timing

- ☐ I have a clear retirement timeframe and a general vision for my lifestyle.
- ☐ I have a rough idea but haven't fully defined the details.
- ☐ I have not yet thought through timing or lifestyle goals.

Income Sources in Retirement

- ☐ I understand my expected income sources and how they may work together.
- ☐ I know some sources but am unclear on timing or reliability.
- ☐ I am unsure how my income will be generated in retirement.

Savings & Investment Alignment

- ☐ My savings and investments align with my time horizon and comfort with risk.
- ☐ I review my investments occasionally but am unsure if they're aligned for retirement.
- ☐ I haven't reviewed my investment approach with retirement in mind.

Income Strategy Awareness

- ☐ I understand how my savings may be used to support income in retirement.
- ☐ I have a general idea but haven't explored strategies in detail.
- ☐ I have not yet considered how my assets would provide income.

Tax Awareness

- ☐ I understand how taxes may change in retirement and how my accounts are taxed.
- ☐ I know taxes will matter but haven't reviewed the details.
- ☐ I have not considered taxes as part of retirement planning.

Healthcare Preparation

- ☐ I have a plan for healthcare coverage before and after Medicare.
- ☐ I know healthcare is important but haven't planned in detail.
- ☐ I am unsure how healthcare will be handled in retirement.

Debt & Cash Reserves

- ☐ I have reviewed debts and maintain appropriate short-term reserves.
- ☐ I am aware of my debt but haven't factored it into retirement planning.
- ☐ I haven't evaluated how debt or cash needs may affect retirement.

Estate & Legacy Planning

- ☐ My beneficiaries and estate documents are current.
- ☐ I have some documents in place but need to review them.
- ☐ I have not addressed estate or legacy planning.

Your Scorecard Snapshot

- **Mostly first boxes checked:** You may feel generally prepared, though periodic reviews can help keep plans aligned.
- **Mostly middle boxes checked:** You may be on your way but could benefit from further clarification or planning.
- **Mostly last boxes checked:** You may have opportunities to strengthen your retirement readiness.



Next Considerations

This scorecard is a starting point. Retirement readiness often improves when individual decisions are reviewed together as part of a coordinated strategy.

Interested in Taking the Next Step?

If this scorecard raised questions or highlighted areas you'd like to explore further, a conversation may help bring clarity.

You may want to consider:

- Reviewing how these planning areas fit together in your overall retirement picture
- Discussing trade-offs, timing considerations, or potential gaps
- Identifying priorities for the years leading up to retirement

A financial professional can help facilitate this type of discussion and provide guidance tailored to your situation.

RETIREMENT STRATEGIES IN A VOLATILE MARKET

THE CHALLENGE

MARKETS FLUCTUATE

STEADY RETIREMENT EXPENSES

GOAL: PRESERVE WEALTH AND MAINTAIN FLEXIBILITY

KEY STRATEGIES

1. DIVERSIFY BEYOND EQUITIES

- CONSIDER MIXING STOCKS, BONDS, ALTERNATIVES, AND CASH EQUIVALENTS
- THIS AIMS TO SPREAD RISK DURING DOWNTURNS

2. ESTABLISH A RETIREMENT INCOME BUCKET STRATEGY

- SHORT-TERM BUCKET: CASH & BONDS FOR 1-3 YEARS OF EXPENSES
- MEDIUM-TERM BUCKET: BALANCED MIX FOR 3-10 YEARS
- LONG-TERM BUCKET: GROWTH-ORIENTED INVESTMENTS

3. REVISIT RISK TOLERANCE & ASSET ALLOCATION

- ADJUST PORTFOLIO TO REFLECT LIFE STAGE
- REDUCE CONCENTRATED POSITIONS

4. TAX-EFFICIENT WITHDRAWALS

- CONSIDER ORDER OF WITHDRAWALS: TAXABLE → TAX-DEFERRED → TAX-FREE ACCOUNTS
- HELPS MANAGE TAX LIABILITY AND POSSIBLY EXTEND PORTFOLIO LIFE

5. BUILD IN FLEXIBILITY

- KEEP LIQUIDITY FOR UNEXPECTED NEEDS
- HAVE CONTINGENCY PLANS FOR INCOME GAPS

SMART HABITS FOR FINANCIAL CONFIDENCE

REGULAR PORTFOLIO REVIEWS

STRESS-TEST RETIREMENT INCOME AGAINST MARKET DOWNTURNS

MAINTAIN A WRITTEN RETIREMENT PLAN

WORK WITH A QUALIFIED FINANCIAL PROFESSIONAL

VOLATILITY MAY BE TEMPORARY. A DISCIPLINED, DIVERSIFIED STRATEGY CAN HELP BE A SAFEGAURD FOR THE LONG RUN.



Disclosures:

5 Ways to Stay Confident in Retirement:

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Retirement Readiness Scorecard:

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Retirement Strategies in a Volatile Market

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

To determine which investment(s) may be appropriate for you, consult your financial professional prior to investing.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

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