



Action Plan: My Retirement Plan Assets

Directions

Assess your current and expected circumstances to strategize how you will manage your retirement plan assets for the long term, especially leading into retirement. Use this guide to plan the most realistic tactics to build and adjust retirement plan assets preretirement.

(✓)	Readiness Tasks
	1. I have inventoried current retirement plan assets and know the approximate current total value of my asset accounts.
	2. I know my must-have and nice-to-have criteria to guide future decisions about what I will do with existing retirement plan funds in the event I need to make a rollover decision or am offered a severance package option when leaving a job. In the event that I leave my current job, I will most likely do the following with my retirement fund after weighing the payoffs and tradeoffs:
	3. I have tentatively decided my target full retirement age: _____
	4. Based on my anticipated retirement age, I have predetermined at least three decision test questions to ask myself when faced with a situation about how to use my retirement funds, either before retirement or as I transition into retirement. - - -
	5. Based on my anticipated years of retirement, I have compared my total current retirement savings with my retirement expenditure needs to estimate any income gap.
	6. I have arranged to fill retirement income gaps or decrease expenses by adjusting and boosting my retirement savings funds in the following ways: - -

Resources

- www.MyRetirementPaycheck.org
- www.dol.gov/ebsa/consumer_info_pension.html
- www.dol.gov/ebsa/regs/lifetimeincomecalculator.html
- www.dol.gov/general/topic/retirement/retirementsavings
- www.myra.gov
- www.aarp.org/retirement
- www.finra.org/brokercheck



Activity: Taking Inventory

Directions

Use the chart below to inventory your current retirement plan assets. At this time, estimate the fund balances. When you have access to your fund details, finish this inventory to have a snapshot of your retirement assets at this point in time. (Examples are provided for you.)

Revise this inventory at least once a year to monitor your funds and compare to your retirement savings goals.

Retirement Plan Asset Inventory				
Plan Name	Savings Category	Investment Types(s)	Annual Growth Rate	Estimated Balance
<i>University of Wisconsin Tax Sheltered Annuity</i>	<i>Roth 403(b)</i>	<i>target date mutual fund (stocks and bonds)</i>	<i>4%</i>	<i>\$ 38,500</i>
<i>XYZ Corporation</i>	<i>401(k)</i>	<i>Employer stock and balanced mutual fund (stocks and bonds)</i>	<i>5%</i>	<i>\$24,876</i>
Estimated Total				



Activity: Should They Do It?

Directions

Each scenario below involves a couple faced with a decision about using funds from retirement savings. Read each scenario, and reference the test questions to advise the couple.

Scenario 1: Jeff and Janet

Jeff and Janet are both 65 and planning to retire this year. They project that they will live until they are 90. They both have worked most of their married life and each has an employer-based 401(k). They have examined their budget, anticipated Social Security benefits and 401(k) accounts. Based on their estimates, they have determined that if they each take 4 percent each year from each of their 401(k) accounts, the money should last 40 years. Should they do it?

Scenario 2: Sandy and Kim

Sandy and Kim are both 58 and plan to retire when they are 67. They recently found a home in Arizona where they would like to retire. The price is \$200,000. They really don't want the added expense of a mortgage as they near retirement, so they are considering taking \$100,000 from each of their IRAs to buy the home. Each IRA currently is valued at \$250,000. Should they do it?

Scenario 3: Karl and Kia

Karl and Kia are 55 and they just retired. They both have a defined benefit plan that will pay them a guaranteed payment each month for the next 15 years. They also each have approximately \$65,000 in their Roth IRAs. Collectively, they contributed \$110,000 and the other \$20,000 is earnings. They decided to delay taking Social Security benefits until they are 70 because they determined that they can live on their pensions while saving an additional \$10,000 per year. However, they want to buy a boat and sail around the world for the next three years. The cost of the boat is \$125,000 if they pay cash. Should they do it?

Test Questions

1. How will this decision impact the couple's current tax liability?
2. How much will they pay in penalties?
3. How will this decision impact their future earnings growth?
4. How much earnings growth is required given other sources of income?
5. Is this in their best interest?



Activity: Options for Catching Up

Directions

Read each scenario and the options at the bottom of the page. For each scenario, select the option you believe to be the most appropriate for the circumstances.

Scenario 1: Bob

Option: _____

Bob just turned 55. Someone mentioned to him that he is now eligible to put more money into his employer-based 401(k) because of his age. He hasn't changed any of his election options in the past 10 years and contributes \$3,000 annually to his 401(k) account.

Scenario 2: Variny

Option: _____

Variny, 57, has had a number of jobs in her career and has six retirement accounts. Some accounts were rolled over into IRAs, and some stayed in past employer plans. She knows that the accounts have management fees, but she just throws all of the statements into a pile without reviewing the details.

Scenario 3: Gary and Kendra

Option: _____

Gary and Kendra are both 55. They have maximized their IRA contributions for the past 20 years. Recently, they have taken notice that the funds are performing below expectations. When the accounts were originally opened, the couple intentionally selected their investment options. However, they have not taken time to periodically evaluate the investment mix and performance. They are heavily invested in bonds and money market funds – about 80 percent of their portfolio.

Scenario 4: Tim

Option: _____

A few months ago Tim, 60, was laid off from his full-time job. As he transitioned from full-time employment, he rolled over his pension fund into an IRA. He is satisfied with the return on the investment and the related fees. Recently, Tim began working part-time at a company that does not offer an employee pension plan or retirement savings plan. To save for retirement, he would like to annually put at least \$3,000 into a safe investment.

Options

- A. Open a *myRA* account.
- B. Rebalance portfolio with more stocks to help increase earnings.
- C. Increase contribution to take advantage of the additional allowable amount due to age.
- D. Consolidate accounts into one with a low fee.



Activity: Should They Go For It? – Answer Key

Directions

Each scenario below involves a couple faced with a decision about using funds from retirement savings. Read each scenario, and reference the test questions to advise the couple.

Scenario 1: Jeff and Janet

Jeff and Janet are both 65 and planning to retire this year. They project that they will live until they are 90. They both have worked most of their married life and each has an employer-based 401(k). They have examined their budget, anticipated Social Security benefits and 401(k) accounts. Based on their estimates, they have determined that if they each take 4 percent each year from each of their 401(k) accounts, the money should last 40 years. Should they do it?

[Facilitator Note: Responses for each scenario will vary depending on the assumptions and perceptions brought up during the team discussions. This exercise is designed for participants to reference what they have learned about weighing decision payoffs and trade-offs based on criteria for particular circumstances and personal preferences. When reporting out, prompt team members to provide rationale for why their advice fits the circumstances.]

Scenario 2: Sandy and Kim

Sandy and Kim are both 58 and plan to retire when they are 67. They recently found a home in Arizona where they would like to retire. The price is \$200,000. They really do not want the added expense of a mortgage as they near retirement, so they are considering taking \$100,000 from each of their IRAs to buy the home. Each IRA currently is valued at \$250,000. Should they do it?

Scenario 3: Karl and Kia

Karl and Kia are 55 and they just retired. They both have a defined benefit plan that will pay them a guaranteed payment each month for the next 15 years. They also each have approximately \$65,000 in their Roth IRAs. Collectively, they contributed \$110,000 and the other \$20,000 is earnings. They decided to delay taking Social Security benefits until they are 70 because they determined that they can live on their pensions while saving an additional \$10,000 per year. However, they want to buy a boat and sail around the world for the next three years. The cost of the boat is \$125,000 if they pay cash. Should they do it?

Test Questions

1. How will this decision impact the couple's current tax liability?
2. How much will they pay in penalties?
3. How will this decision impact their future earnings growth?
4. How much earnings growth is required given other sources of income?
5. Is this in their best interest?



Activity: Options for Catching Up – Answer Key

Directions

Read each scenario and the options at the bottom of the page. For each scenario, select the option you believe to be the most appropriate for the circumstances.

Scenario 1: Bob

Option: C

Bob just turned 55. Someone mentioned to him that he is now eligible to put more money into his employer-based 401(k) because of his age. He hasn't changed any of his election options in the past 10 years and contributes \$3,000 annually to his 401(k) account.

Scenario 2: Variny

Option: D

Variny, 57, has had a number of jobs in her career and has six retirement accounts. Some were rolled over into IRAs and some stayed in past employer-based plans. She knows that the accounts have management fees, but she just throws all of the statements into a pile without reviewing the details.

Scenario 3: Gary and Kendra

Option: B

Gary and Kendra are both 55. They have maximized their IRA contributions for the past 20 years. Recently, they have taken notice that the funds are performing below expectations. When the accounts were originally opened, the couple intentionally selected their investment options. However, they have not taken time to periodically evaluate the investment mix and performance. They are heavily invested in bonds and money markets – about 80 percent of their portfolio.

Scenario 4: Tim

Option: A

A few months ago Tim, 60, was laid off from his full-time job. As he transitioned from full-time employment, he rolled over his pension fund into an IRA. He is satisfied with the return on the investment and the related fees. Recently, Tim began working part-time at a company that does not offer an employee pension plan or retirement savings plan. To save for retirement, he would like to annually put at least \$3,000 into a safe investment.

Options

- A. Open a *myRA* account.
- B. Rebalance portfolio with more stocks to help increase earnings.
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