

Retirement Planning Checklist

Are you ready for retirement? Here is what you need in order to ensure you are prepared.

• Build an Emergency Fund

➤ You should already have at least three months of living expenses in savings if you are a couple with 2 incomes, single income households should have at least 6 months. Before retirement I believe you should double whichever level you were at before.

- Remember, base the amount of this fund on your expenses, not your income.

• Eliminate all Debt

- Paying down debts with the smallest balance.
- Paying debts with the highest effective interest rates – factor in the tax deductibility of mortgage interest.

• Take Inventory of your Assets and spending

- Keep in mind that you won't be getting a paycheck once you retire.
- Evaluate your budget–get real about needs vs. wants.

• Determine your Retirement Needs

- Before you can retire, you must decide how you want to retire. Consider:
 - Where you want to live
 - Whether you'll have a job (this may sound crazy, but some people like to work in retirement)
 - What your expenses will really be
 - How will family dynamics change

- How will daily activities change
- Try to be realistic in terms of retirement length.
- This can be difficult to predict, but you can always refine your estimate down the line.
- Monthly Ksh Need – Soc. Security & Pension = Ksh needed from assets
Ksh available from assets = Invested Assets x safe withdrawal rate
- Safe withdrawal rate depends on your risk tolerance and how much of your monthly Ksh needed in retirement is truly needed and how much is wanted.

• **Health Insurance**

- Healthcare is one of the biggest expenses you'll face in retirement.
- In addition to factoring these expenses into your budget, you'll also want to consider where you'll be getting health insurance coverage.

• **Determine if you need Long Term Care insurance or if you can self-insure.**

• **Plan your Estate**

- This will ensure your family is not plagued with financial burden after you're gone and that your money is dispersed according to your desires.
- Assign a power of attorney and healthcare proxy to make decisions on your behalf should you become incapacitated.
- Establish guardians for living dependents and appoint beneficiaries on life insurance plans, retirement accounts and shared assets.

• **Optimize Retirement Investments**

- One of the worst mistakes Kenyan workers make is designing their investment portfolio around their retirement date.
- This leaves little earnings potential for their post-retirement life. It's never a bad thing to have more income!

- Consider how retirement investments could supplement your retirement account earnings.
 - Keep in mind that your risk tolerance may change as you age and stop earning a paycheck. Optimize other income sources
- Review your Social Security strategy
- Review your pension strategy if you have one