

# Key Questions about Retirement Readiness



When you hear the term “retirement readiness” what does that actually mean? The reality is that this term likely has a different meaning for each individual, with concepts such as the timing of retirement and the lifestyle desired playing an important part in the answer.

Ultimately, most people are simply looking to ensure that their own definition of a comfortable and secure retirement comes to fruition (i.e. traveling, spending time with grandchildren, or perhaps continuing to work part-time). However, according to the 2019 Retirement Confidence Survey (sponsored by the Employee Benefit Research Institute – EBRI), only about 23% of workers feel very confident they will

have enough to live comfortably through their retirement years.

How can you know if you’re on track for a secure retirement? If you’re considering retiring soon, what key questions should you be asking? Although there is no sure-fire list that can guarantee you the right answer, this quick quiz should give you a good idea of whether you’re heading in the right direction.

## **How’s your credit?**

In particular, high-interest debt on credit cards can slow the preparation toward retirement and carrying debt with interest rates higher than your investment returns can provide for negative yields over time.

## Retirement Plans

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### Have you maxed out your retirement contributions?

Perhaps the most simplistic and impactful strategy in planning for a secure retirement might be to increase/maximize your retirement contributions to your employer sponsored retirement plan or IRA.

### Do you have a plan?

A key step toward a secure retirement includes having a strategy/plan for your investments and calculating a retirement income replacement ratio (the percentage of your current income you'll need to generate in retirement to cover your expenses). Good planning starts with a conversation with your financial advisor about your needs, wants and wishes

as you think about what a secure retirement means to you.

### How are you managing investment risk? Do you have a diversified portfolio?

Finding the right balance between risk and return can be a tricky proposition, particularly for individuals preparing for retirement. But focusing on effective asset allocation and diversification strategies can mitigate investment losses, while also keeping exposure to the growth side of the market. Be sure to talk with your financial advisor to ensure you have a well-diversified investment portfolio. ■

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