|  |  |  |
| --- | --- | --- |
| RETIREMENT PLANNING GOAL FORM  *Fill out this form only if you are not retired. This is a Microsoft Word document to be filled out on your computer by both you and your spouse. Do not print and fill out by hand. Various tables will have to be expanded to accommodate your additional information.* | | |
| Client Name: | Spouse name: | Date: |

|  |  |
| --- | --- |
| **POINTS TO CONSIDER REGARDING YOUR RETIREMENT PLANNING**  *For areas of concern or interest, place an “X” in the adjacent box* | |
|  | *Assumptions –* Will expenses really decline in retirement as is often assumed? Will new plans such as additional travel maintain or even increase annual living costs? |
|  | *Assumptions –* How is life expectancy calculated and what will be its impact on the retirement plan? |
|  | *Assumptions –* What are projected medical expenses in retirement? How will retirement be affected and what needs to be done if there are plans to leave the workforce before age 65? |
|  | *Assumptions –* Will insurance needs change in retirement? Should long-term care insurance be purchased? |
|  | *Assumptions –* Will the portfolio be invested with the same asset mix in retirement as it was before? |
|  | *Assumptions –* Are all children financially stable? Is there a strong chance that support will be given to them in the future? Will it be necessary to help a parent financially? |
|  | *Assumptions –* As bear markets and family emergencies can derail a family’s retirement plans, it is necessary to have a cushion. What should be the targeted amount for an emergency cash reserve? |
|  | *Modeling –* If there is a shortfall in the retirement funding goal, what is the strategy to bridge the difference? Would it be part-time employment, a continuation of full-time work, or a reduction in living expenses? |
|  | *Modeling –* If planning to move, has the change in annual ongoing expenses been factored into retirement projections? What about the costs in transitioning such as commissions, fees, mortgage payoff, moving, lost wages and renovations? |
|  | *Modeling –* Is there a strategy in place to eventually divest of illiquid assets such as real estate or businesses? |
|  | *Social Security & Pensions –* When should they be taken? Are there any strategies available to increase lifetime benefits? |
|  | *Social Security & Pensions –* What impact will any underfunding have on retirement projections? |
|  | *Social Security & Pensions –* How will retirement projections be changed if one spouse dies prematurely, resulting in a reduction? |
| *Additional Points or Comments:* | |

|  |
| --- |
| **BEFORE STARTING** |
| Consolidate the following documents to proceed with this form. In addition, when this form is completed, send the form and these documents to[*Karen@ContourFinancial.com*](mailto:Karen@ContourFinancial.com)*:*   |  |  | | --- | --- | |  | *Existing Clients Only –* The annual *Retirement Update Letter*-corrected & returned | |  | Social Security statements-Client, spouse and if married for more than 10 years, ex-spouse. If not done so, proceed to [*SSA.gov*](http://www.ssa.gov/) where an account can be established and the benefits/earnings report obtained. | |  | Pension benefit statements-Client & spouse | |  | Annuity contracts-Client & spouse | |  | Employee benefit section regarding medical coverage and cost after retirement-Client & spouse | |  | Employee benefit section regarding insurance after retirement-Client & spouse | |  | Employee benefit section regarding employer plans after retirement-Client & spouse | |  | Employee benefit section that states employer match | |

|  |
| --- |
| **LIFE EXPECTANCY-UNDERSTANDING THE DIFFERENT APPROACHES** |
| **Background**  Projected life expectancy has a direct impact on retirement planning, Social Security, pensions, insurance, and required cash flow. In the past there were many more variables and longer time frames involved, so life expectancy was based solely on the *Social Security Actuarial Life Table.*  More precision was not possible. Now being older and closer to retirement, time frames are shortened and there are fewer variables. The problem is there are different factors that affect life expectancy whether diet, exercise, family history, current health or some mix thereof. The sections below will hopefully clarify this topic: |
| **#1-Simple Approach**  The Social Security Administration uses a *Social Security Actuarial Life Table* in its benefit calculations. Select your gender, age, to reference your life expectancy below. This is the default method used at Contour Financial in any calculations done on your behalf. For every year that passes, the life expectancy figure is automatically changed by the firm. This way any forecasting or modeling will be as accurate as possible. Enter the table results in the *Life Expectancy Decision Table* at the end of this section.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Male Life Expectancy  *First Row Current Age – Second Row SS Life Expectancy* | | | | | | | | | | | | | | | | | | | | | | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | | 30 | 29 | 28 | 27 | 26 | 26 | 25 | 24 | 23 | 22 | 22 | 21 | 20 | 19 | 19 | 18 | 17 | 16 | 16 | 15 | 14 |   *E.G. – A 56 year old male has a factor of 24, meaning that today he will be expected to live until age 80.*   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Female Life Expectancy  *First Row Current Age – Second Row SS Life Expectancy* | | | | | | | | | | | | | | | | | | | | | | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | | 33 | 32 | 31 | 31 | 30 | 29 | 28 | 27 | 26 | 25 | 25 | 24 | 23 | 22 | 21 | 20 | 20 | 19 | 18 | 17 | 17 | |
| **#2-Biological Age Approach**  The *Simple Approach* just completed provides a life expectancy based on age and sex. Genetics, exercise and diet factors can cause someone’s biological age to differ substantially from his calendar age, either positively or negatively. This is beneficial for a client who anticipates his life expectancy will vary greatly from his peers. [*Blue Zones*](http://www.bluezones.com/) has a free program called *True Vitality Test*. This program takes a client’s current age and modifies it based on personal factors to come up with a more realistic *Biological Age Based Life Expectancy*. Complete the program which takes about 10 minutes, and enter the results in the *Life Expectancy Decision Table* at the end of this section. |
| **#3-Manual Approach**  Some people with a clear picture of family member longevity and/or their personal medical circumstances wish to skip approaches #1 & #2. If this is the case, input this figure in the *Life Expectancy Decision Table* at the end of this section. |

|  |
| --- |
| **LIFE EXPECTANCY-MAKING A DECISION** |
| ***Life Expectancy Decision Table-Client***   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *Insert Name:* | | **Place an “X” for One of the Following Options Below that Best Fits Your Outlook** | | | | | | | | | |  | ***#1 Simple*** | My *Current Age* of | | | NN | | plus *SS Factor* of | NN | yields a life expectancy of | NN | |  | ***#2 Biologically Age Based*** | | The *Blue Zones-Vitality Test* website calculates a life expectancy of | | | | | | | NN | |  | ***#3 Manual*** | I wish to use age | | NN | | for my life expectancy | | | | | |
| ***Life Expectancy Decision Table-Spouse***   |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *Insert Name:* | | **Place an “X” for One of the Following Options Below that Best Fits Your Outlook** | | | | | | | | | |  | ***#1 Simple*** | My *Current Age* of | | | NN | | plus *SS Factor* of | NN | yields a life expectancy of | NN | |  | ***#2 Biologically Age Based*** | | The *Blue Zones-Vitality Test* website calculates a life expectancy of | | | | | | | NN | |  | ***#3 Manual*** | I wish to use age | | NN | | for my life expectancy | | | | | |

|  |
| --- |
| **THE SOCIAL SECURITY DECISION-BACKGROUND**  *Skip this section if not covered by Social Security* |
| There are four ways to view how Social Security should be taken:   1. *Social Security is going to fail so get every dollar possible by taking benefits immediately when eligible at age 62 –* The position taken by Contour Financial is that Social Security will fail at some point in the future. The demographics of the plan simply do not work. Every year the trustees of Social Security issue a report on the health of the plan, and their conclusions echo this sentiment. The problem is not that the system will fail, but simply that it will not fail in the way people think. When the plan fails in the future, payments to recipients will not cease. Instead, payments to recipients will simply be reduced to reflect what the plan will support. Outflows will then equal inflows at this point and Social Security will stabilize. Since the plan will not fail outright, we highly recommend that this panicked approach not be taken. 2. *Things have not worked out so take benefits immediately when eligible at age 62 –* What can be said? If the money is needed, it is needed. Just realize that a heavy price is being paid in total lifetime benefits by selecting such an option. 3. *Use a computer program to calculate when and how benefits should be taken to maximize total lifetime benefits –* A computer program can be used to get a handle on the complex formulas used by the Social Security Administration. The idea here is to maximize the total lifetime benefit based on income and projected life expectancy, not to get the highest monthly check. Contour Financial recommends this approach, as additional payments can potentially be in the five digits over the surviving spouse’s lifetime. Models and action plans will be created once Social Security statements including earnings history for both spouses and any ex-spouses if married more than 10 years are received. The projected failure date and payment reduction percentage is included in the analysis. 4. *Viewing Social Security as insurance* – In technical terms this would be called a *Fixed Annuity with an Inflation Rider*. This is an opposite view compared to the preceding computer program, but an equally valid approach. Here the person wishes to maximize the future monthly check amount at the possible cost of not maximizing the projected lifetime benefit. Normally this would entail the person(s) waiting until age 70 before starting payments. This approach may be useful for someone with sufficient cash flow currently who anticipates the possibility of having higher expenses in their seventies and beyond or simply wants the biggest check possible in the future. |

|  |
| --- |
| **THE PENSION DECISION – BACKGROUND**  *Skip this section if there is no pension in the portfolio that offers a lump sum payout* |
| Lump sum or annuitize? Although in theory both options should be equal, there are critical differences:   1. Monthly Annuity Option (for those seeking a steady payout or spendthrifts) - The advantage is the steady monthly check. Disadvantages include:    1. Flexibility is lost as there is no access to the principal should an emergency arise.    2. If the company or fund goes insolvent, this income stream may be curtailed or outright lost.    3. Depending on the payout method selected, the spouse or other heirs may collect nothing or receive a reduced monthly payout at the account holder’s passing.    4. If there is no cost-of-living adjustment (COLA), purchasing power will decline. If COLA is selected, the payment will be greatly reduced. 2. Lump Sum Payout (for disciplined investors): The advantages include:    1. Proceeds can be invested according to the account holder’s wishes.    2. Proceeds can be diversified among several funds.    3. The portfolio can change as life changes.    4. Family members will inherit any remaining balance.    5. Portfolios can be invested to focus on beating inflation.   Disadvantages include:   1. The volatility of the portfolio may be difficult for some investors in times of bear markets. 2. For some account holders, the temptation may be great to spend the money at a higher rate than is recommended. |

|  |
| --- |
| **THE PENSION DECISION – TABLE**  *Skip this section if there is no pension* |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Pensions are either taken lump sum, annuitized through monthly payments, or a combination of the two. *Check one of the boxes below and complete:*   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | We wish to have our pensions taken solely as a lump sum if possible. | | | | | |  | We wish to have our pensions taken solely as a monthly annuity if possible. | | | | | |  | We wish to have our pensions taken | % | lump sum and | % | monthly annuity if possible. | | |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Pension Owner** | **Pension Name** | **Monthly Benefit1** | **Start Age2** | **Pension Value3** | **Max Payout4** | **Fixed or COLA5** | **Survivor Gets6** | |  |  | $ |  | $ | % |  | % | | 1The pre-tax monthly pension benefit to be received  2If the pension is annuitized, at what age do payments begin?  3What is the current lump-sum (not the annuitized monthly payment) value of the pension?  4Depending on the plan rules, the pension owner can’t always withdraw all funds, and some portion needs to be annuitized into a monthly payment. Place 100% here if pension owner can withdraw all funds, a lower percentage if the plan has a restriction, or 0% if client must annuitize all with monthly payments.  5Will the payment stream increase every year for inflation (cost of living adjustment-COLA), or remain fixed?  6How will the value of this pension affect the surviving spouse should the pension owner pass after annuitized monthly payments begin? If value is not reduced enter 100%, if eliminated enter 0%, or if reduced enter the appropriate percentage. | | | | | | | |   *In addition to supplying the statement please populate pension information below. (For additional rows, place cursor outside right side of table row and hit “enter”.)* |

|  |
| --- |
| **MEDICAL EXPENSES IF EARLY RETIREMENT IS TAKEN**  *Skip this section if you and your spouse will both be age 65 or older at retirement* |
| Medicare begins at age 65. How will the medical insurance gap between the date of retirement and when the youngest spouse reaches age 65 be bridged? Is the health of both spouses good enough to be able to afford insurance? |
| *Check for the client one of the boxes below and complete:*   |  |  |  |  | | --- | --- | --- | --- | |  | Not an issue as will be over age 65 at retirement. | | | |  | Not an issue as employer will continue medical coverage through the gap years. | | | |  | Can buy medical insurance through employer (COBRA) which will cost | $ | a month. | |  | Need to purchase own medical insurance. The quote is: | $ | a month. | |
| *Check for the spouse one of the boxes below and complete:*   |  |  |  |  | | --- | --- | --- | --- | |  | Not an issue as will be over age 65 at retirement. | | | |  | Not an issue as employer will continue medical coverage through the gap years. | | | |  | Can buy medical insurance through employer (COBRA) which will cost | $ | a month. | |  | Need to purchase own medical insurance. The quote is: | $ | a month. | |

|  |
| --- |
| **MEDICAL EXPENSES AT FULL RETIREMENT** |
| The employer usually covers medical expenses while employed. This support usually ceases at retirement, when Medicare and other costs are paid out of pocket. Contour Financial projects the medical expenses needed for the average retiree. Certain exceptions apply. |
| *Client-Check one of the boxes below and complete:*   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | My employer will not cover health expenses in retirement. I have health and life expectancy comparable to my peers, so use the figure that Contour Financial projects average medical costs to be. | | | | |  | My employer will not cover health expenses in retirement. Based on the life expectancy of relatives and general health condition as commented in the *Life Expectancy* table earlier I deviate from my peers. Since I have better/worsehealth/life expectancy than my peers, *reduce (-)/increase (+)* my projected medical expenses by: | | + | % | | - | % | |  | My employer will not cover health expenses in retirement. I have researched this subject in detail and wish to use my own figure of | $ | a month. | | |  | My employer will cover health expenses in retirement. I anticipate that I will still have some out-of pocket expenses which I project to be | $ | a month. | | |  | My employer will cover health expenses in retirement. I worry that the firm will not be able to continue this benefit in the future. I wish to discuss how to handle this uncertainty. | | | | |
| *Spouse-Check one of the boxes below and complete:*   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | My employer will not cover health expenses in retirement. I have health and life expectancy comparable to my peers, so use the figure that Contour Financial projects average medical costs to be. | | | | |  | My employer will not cover health expenses in retirement. Based on the life expectancy of relatives and general health condition as commented in the *Life Expectancy* table earlier I deviate from my peers. Since I have better/worsehealth/life expectancy than my peers, *reduce (-)/increase (+)* my projected medical expenses by: | | + | % | | - | % | |  | My employer will not cover health expenses in retirement. I have researched this subject in detail and wish to use my own figure of | $ | a month. | | |  | My employer will cover health expenses in retirement. I anticipate that I will still have some out-of pocket expenses which I project to be | $ | a month. | | |  | My employer will cover health expenses in retirement. I worry that the firm will not be able to continue this benefit in the future. I wish to discuss how to handle this uncertainty. | | | | |

|  |
| --- |
| *STOP – Complete the following sections only if a new client. Established clients have this information already on their annual retirement update letter.* |

|  |
| --- |
| **PROJECTS AND OTHER EXPENSES**  *Skip this section if no projects or other large, non-recurring expenses are planned for the future* |
| |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | *Enter Description Here* | will cost | $ | *Time Frame1* | from | *Start2* | to | *Finish3* |   1Enter once, monthly or yearly for when payment is due.  2Enter MM/YYYY as the date when this project or expense begins.  3Enter MM/YYYY as the date when this project or expense ends |

|  |
| --- |
| **WHAT AGE IS RETIREMENT?**  *A complete analysis called the Retirement Update report will be produced annually. Age 61 is the default retirement age; this can be overwritten.* |
| |  | | --- | |  |   I plan at age to stop working full time. |
| |  | | --- | |  |   My spouse plans at age to stop working full time. |

|  |
| --- |
| **WILL THERE BE ADDITIONAL INCOME IN RETIREMENT?**  *Interest, dividends, and capital gains are automatically computed by our financial software; do not include.* |
| |  | | --- | |  |  |  | | --- | | $ |   I plan to work part time for years and make per year after leaving my full-time position. |
| |  | | --- | |  |  |  | | --- | | $ |   My spouse plans to work part time for years and make per year after leaving my full-time position. |

|  |
| --- |
| **REASONS TO POSTPONE RETIREMENT** |
| Besides not receiving all green lights on the *Retirement Update Letter*, there are reasons why retirement may wish to be delayed. Over the years, these stumbling blocks have appeared for potential retirees. If any of the following are applicable, please make an appointment to discuss prior to giving notice.   * Lack of sizable taxable investments such as checking accounts, savings accounts, CDs and taxable brokerage accounts. People in such a position once retirement begins, tend to accelerate withdrawals from retirement plans, causing living expenses to unexpectedly spike. * A sizable mortgage which will cause cash flow challenges once wages are gone. * An underfunded pension plan that is a significant source of monthly cash flow. * Medical bridge insurance plan is not in place if either of the couple is under Medicare age (65). * Lack of hobbies or other activities to fill in the time previously allocated to work. * A potential void will be difficult to fill as work is considered perhaps a joy, educational, fulfilling and sociable. * There is a disagreement between husband and wife as to how time and resources are to be devoted in retirement. * Aged parents may need financial support. * Adult children may boomerang back to the nest. |