65 WAYS TO RETIRE SMART

PERSONAL CAPITAL®

Retirement is the beginning of an exciting new stage of life. In this report, Personal Capital's team of CERTIFIED FINANCIAL PLANNERS™ and registered financial advisors share their insights on how to plan, save and invest to get the most out of retirement. We hope these tips help you as you navigate towards your future.

Bill

BILL HARRIS
Founder, Personal Capital

Take Stock

Important steps to understand where you are

1 **Pick a retirement date.** Do you love your work? You might want to consider working longer. Is stress getting in the way of enjoying life? You might push this date earlier. Be aware that many people return to work part time after retiring – for the sheer satisfaction of it. When you're three-to-five years away from retirement, make sure to regularly check to see if you are on track to retire when you want. Consider whether a big purchase or other change will affect that timing.

2 **Track your budget.** If you don't track your expenses, now's the time to start. Get a realistic understanding of what you spend every month. A general rule of thumb: in retirement you will need approximately 80% of your current income to cover your usual living expenses.

3 **Get a grip on Social Security.** You can see your latest Social Security statement at ssa.gov. It's a good idea to review it from time to time to make sure there aren't any errors. Your Social Security benefits are primarily based on your highest earnings over 35 years and your age when you file for benefits. Review your statement and check your earnings history. Let the Social Security Administration know right away if you find an error because your benefits will be based on their record of your lifetime earnings.

4 **Know your cash flow.** Calculate what will come in and what will go out each month. Find out about Social Security and pensions – when and how much they will pay. Now is the time to identify any potential shortfalls and create a strategy to deal with them.

5 **See the big picture.** Look at all your investment accounts together. Understand exactly how much you have, both in tax-advantaged and taxable investment accounts. This will help you develop financial goals, measure progress over time, and stay focused on your total financial picture.

QUICK TIP

You can use Personal Capital's free online dashboard to easily manage your entire financial life in one secure place.

6 **Don't be overwhelmed.** There is a huge amount of information on finance and retirement out there. Avail yourself of what interests you, but don't let it overwhelm you to the point that you act rashly – or don't act at all.

7 Consolidate. It can be harder to track and manage portfolios when they're held in a lot of different accounts. Consolidating retirement accounts helps you get ready for Required Minimum Distributions (RMDs) from those accounts. RMDs can be complicated to calculate, and having fewer accounts will make it easier. When the time comes, most advisory institutions are required by law to run the calculations for you, or you can use the IRS worksheet to do the calculations yourself.

8 Know what's coming your way. Will you be receiving an inheritance? Is it something you can count on? These can be difficult conversations to have with relatives, but a pending inheritance can greatly impact your retirement planning.

9 Calculate your retirement tax bracket. While most people anticipate being in a lower tax bracket in retirement, that's not always the case. If you have large balances in tax-deferred retirement plans, the RMD may push you into a higher tax bracket than anticipated.

Consider your retirement income sources:

+ Pensions
+ Social Security
  (available to start from age 62-70)
+ Retirement accounts
  (RMDs must start by age 70 ½)
+ Other investments
+ Inheritance

TAX TIP

Will your pension, Required Minimum Distributions (RMDs) from retirement accounts, and Social Security put you in a high tax bracket during retirement? It may make sense to start withdrawing from your retirement accounts earlier, which will reduce the account balance and therefore your RMDs. It puts the control in your hands, rather than Uncle Sam's.

Plan

Clever retirement planning steps you can take now

10 **Create a financial plan now.** It sounds obvious, but it can be tempting to procrastinate. By having a proper plan in place, however, you'll know exactly where to focus your efforts so none of your goals are neglected. You can work with a financial advisor who addresses any financial planning goals or questions you might have.

11 **Choose the right advisor.** Many people call themselves "financial advisors," but they are actually brokers who make money based upon selling you investments. Find out how your advisor is compensated. Look for someone who is a "fiduciary" – meaning they must always put your interests first.

12 **Make a will and/or trust.** Once you have this, review it every year. This way, you make sure your wishes will be carried out and that your family and heirs will have an easier time managing your estate. For a basic will, you will need to identify what organization or people you will leave your property to, the names of guardians for minors, the names of persons to manage investments for the minor, and the name of the executor. nolo.com is a good resource.

13 **Watch out for hidden fees.** Advisors typically charge a percentage of assets under management. But there are often hidden fees that you don't know you're paying, particularly with mutual fund investments. Ask your advisor exactly what you're paying in total fees, and be sure to ask if you're paying trading fees in addition to the advisory fee.

QUICK TIP

Use Personal Capital's free Fee Analyzer to see how hidden fees can be impacting your retirement savings

14 **Involve your spouse or partner.** What will your spouse do if something happens to you? Make sure both you and your spouse understand your finances, know where your accounts are, and have access to all of them.

15 **Find a person to talk to.** Having an advisor can help minimize the stress and uncertainty of planning for your future, but a trusted friend or mentor who is already in retirement can also be a great sounding board. Don't be afraid to ask questions, no matter how basic you think they are.

Plan

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16 Double-check your beneficiaries. The beneficiaries you designate in your retirement accounts supersede wills, trusts or probate. Do a periodic check of your designated beneficiaries to be sure you're leaving the assets to the intended recipients. You typically can identify a primary beneficiary and contingent beneficiaries — for instance, your spouse might be your primary beneficiary and, in the event that your spouse pre-deceases you, your children or other relatives could be the contingent beneficiaries.

17 Do the math on long-term care. Do you have enough assets to cover long-term care or do you need to buy long-term care insurance? The truth is, most people spend only one-to-four years in long-term care, making self-funding an option for some. When you calculate this, try entering the average cost of long-term care in your area as an expense for up to four years. The results will give you an idea whether you can self-insure or should purchase protection. The AARP provides a long-term care calculator that can be a good place to start.

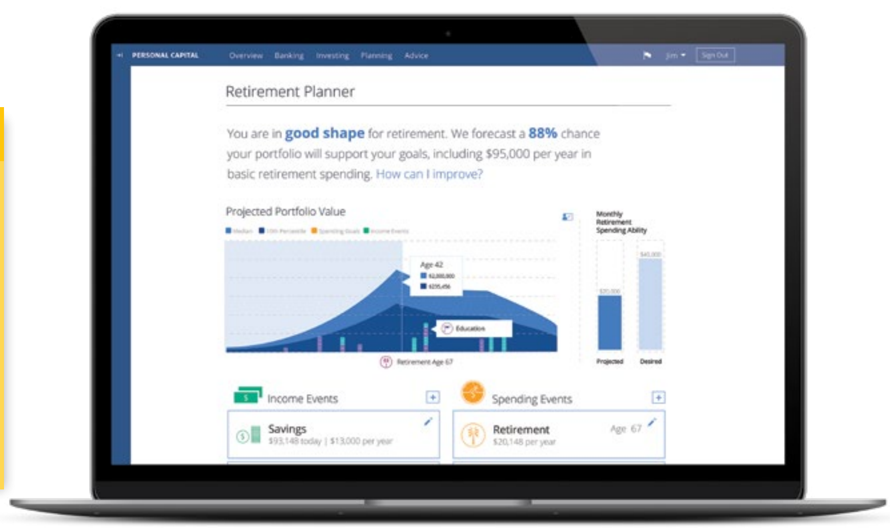
QUICK TIP

Use Personal Capital's free Retirement Planner to find out if you're in good shape for retirement. Add income and spending events to see how they impact your financial future. Run as many "what-if" scenarios as you like.

18 Plan for the long haul. Here's good news – most people will be retired for a very long time (20-plus years). Make sure your plan has you on track to meet your goals.

19 Do a trial run. If your plan for retirement includes significantly reducing your spending, then you should do a trial run to make sure it's feasible. Try sticking to your planned retirement budget for a few months to make sure your assumptions are correct.

20 Don't over- or under-buy life insurance. If your house is paid for and your children are grown, you might not need life insurance anymore. If, on the other hand, you still have dependents, you might need more life insurance than you think. Typically term life insurance is the best bet to cover these needs. We recommend you consult your financial advisor to make this decision.



Plan

Clever retirement planning steps you can take now

21 Fully understand the pros and cons of annuities. While annuities can help take away some of the guesswork in retirement planning, these products tend to come at a high cost, and not everyone will need one. In addition, there are many different types of annuities with hundreds of options, riders, disclaimers, footnotes and contingencies, making them extremely complex. There are also penalty fees for exiting the annuity contract early. It may be in your best interest to consult a fiduciary financial advisor before purchasing one of these.

22 Plan for fun things. Planning for retirement is not all work and no play. Here's your chance to factor in long-held dreams, whether it's hosting your child's wedding, traveling somewhere exotic, going back to school, or taking up a new hobby. Most folks increase their time traveling in retirement. No matter your interests, plan for it early enough and you can make it happen.

23 Make sure healthcare costs don't catch you by surprise. If you retire before 65, when Medicare kicks in, you will need to budget for private health insurance, which can be a significant budget item. After reaching age 65, you may want to purchase supplemental insurance like a Medigap policy, depending upon your health situation. Healthcare costs are projected to have a much higher rate of inflation than other costs. A good resource is AARP's Health Care Costs Calculator.

24 Consolidate old 401ks. You can roll those old 401ks into a single IRA account for easier management and investing. An IRA typically allows more flexibility and investment choice than a 401k.

25 Evaluate your debt. It can be tempting to try to pay off your mortgage before retirement, but you might decide you need the liquidity down the line. Consider the opportunity cost of putting that cash into your house – there may be a higher yielding investment where that money could be. The lower your mortgage interest rate, the greater likelihood that your money can be working harder elsewhere.

26 Protect your assets. One lawsuit can derail your retirement finances. You can help safeguard your assets with an umbrella insurance policy that goes above and beyond what typical insurance on your home/car/boat covers. It's best to have at least as much liability coverage as your net worth.

Plan

Clever retirement planning steps you can take now

27 **Consider your spouse's Social Security**. If you are married, it often makes sense for the higher-earning spouse to defer until 70 and the lower-earning spouse to start taking benefits at 62 or full retirement age. This is especially true if the higher earner is male (men typically die younger) and at least the same age as the lower earner. When the first spouse dies, the surviving spouse will automatically get the higher of the two income streams, so it makes sense to maximize one of them.

28 **Sign a healthcare power of attorney.** This document gives your spouse or other agent the power to make healthcare decisions for you in the event you are unable to do so. By the time you need one, it may be too late – so do it now. We recommend that you consult your attorney or use the resources at nolo.com.

Important questions to ask yourself now

Personal Capital financial advisors often start their conversations with clients with questions like these. They can be a good start for focusing your efforts on the kind of retirement you'd like to experience.

1. Do you want to stay in your current home when you retire or do you want to relocate?
2. Do you have any dependents – and how long might they be dependent on you?
3. What sort of debt do you have? Do you think you'll encounter more debt?
4. Should you move? Downsize?
5. Have you made all the big purchases you need/want to make?
6. Will you be paying for or contributing towards your children's education, wedding celebrations, or a down payment on a house?

Save

Secrets of saving smart

29 **Start saving early.** The adage is true: the sooner you start, the better off you'll be.

30 **Make retirement savings your priority over college for kids.** Saving for retirement is more important than saving for college. There are no scholarships or student loans for retirement.

31 **Squirrel away enough to live on at first.** Try to accumulate and set aside one-to-two years' worth of living expenses in a cash or highly liquid account. You don't want to get stuck having to liquidate investments when they're down in case there's a bear market when you initially retire.

32 **Get clever with retirement funding strategies.** Even if your income is too high to qualify for an IRA or Roth IRA, there may be ways to contribute to a traditional IRA (or contribute extra to your 401k) with post-tax dollars and then convert to a Roth. It's a bit complicated, so speak to your financial or tax advisor for guidance. It's best to check irs.gov every year for contribution limits.

33 **Pay yourself first.** Set up an automatic transfer from your checking account to your savings or brokerage account each month. It's easier to save when it happens automatically.

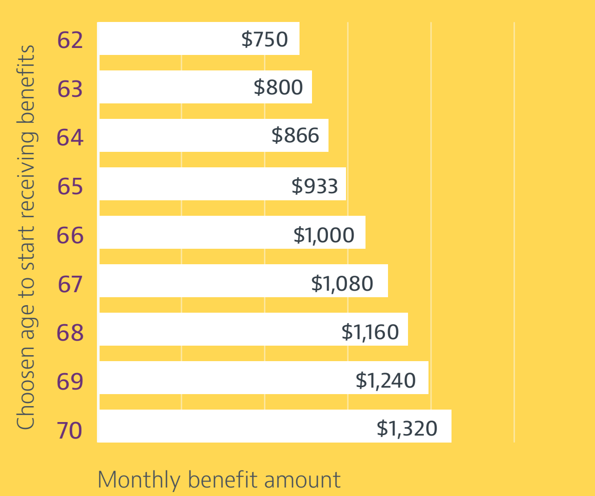
34 **Save on little things.** Keep spending under control both before and after retirement. Every $20 you spend now is $20-plus you won't have in retirement - when you may need (and want) it more. If you're not maximizing retirement savings now, then it's a lost opportunity to grow the assets tax-deferred between now and retirement.

35 **Boost your contributions.** If you are 50 or over, the law allows you to make larger catch-up contributions to your IRA and 401k plans.

36 **Maximize your 401k contributions.** Start as early as you can – but it's never too late to start. Be sure to take advantage of employer matching, when available, to the greatest extent possible.

MONTHLY SOCIAL SECURITY BENEFIT AMOUNTS BY AGE*

Assumes a benefit of $1,000 at a full retirement age of 66



***SOURCE:** "When to Start Receiving Retirement Benefits, 2017," SSA.gov.

Invest

Investment tips from retirement experts

37 Construct a goal-based portfolio. Your risk tolerance, time horizon, and other personal goals will shape the appropriate balance of asset classes in your portfolio. There are online tools to help you and a personal financial advisor can provide expert guidance.

38 Beware of trying to time the market. The best strategy usually is to stick with your target allocation over the long haul. Over time, the short-term ups and downs won't matter much and you won't run the risk of being under-invested when the market eventually goes up.

39 Let yourself be bored. Investing properly is boring. Setting up a well-diversified allocation based on your personal goals and rebalancing is the key.

40 Ignore the benchmarks. It's tempting to look at the S&P 500 returns and expect your portfolio to match or beat it. But your portfolio is (or should be) diversified across multiple asset classes and therefore much less risky than just one asset class like domestic equities. Comparing a well-diversified portfolio to a single benchmark is comparing apples to oranges.

41 Make sure you're comfortable. No matter how good your advisor is, you are the ultimate decision-maker for your investments. Make sure you are comfortable with how your money is invested. You'll sleep better.

42 Protect your investments with diversification. We hear it all the time, but diversification is critical for a successful retirement. It's the best way to navigate volatile markets while sticking to a long-term retirement plan. Any strategy that doesn't involve a properly diversified portfolio is more than likely putting your retirement at risk.

43 Rebalance your portfolio. Over time, one or more of your investments may have a significant upward trend, which skews its percentage of your overall portfolio. Hard as it may be to part with a winner, try to be disciplined and harvest some of those gains and reinvest into other asset classes that haven't run up (yet). Sell high and buy low. At Personal Capital, our Advisors rebalance client portfolios regularly. If you're self-directing your investments, you should probably rebalance once a year at an absolute minimum.

44 Stick with your investment plan. Adhering to your plan through all market cycles is a better approach than trying to guess which asset class will perform well or poorly in the short run. Changing your portfolio allocation can give people a false sense of control over what is happening in the market. Oftentimes, no action is the best decision in the context of a well-allocated portfolio constructed around your personal goals.

Invest

Investment tips from retirement experts

45 **Invest for the cash flow you'll need.** Many people think dividend-bearing stocks and bonds are the best investments for retirement income. But long-term capital gains are taxed at a lower rate than income from dividends, so harvesting gains from equity investments might be a smart way to meet your cash-flow needs.

46 **Don't rely on high-yield securities for income.** You'll be at risk of a poorly diversified portfolio that shrinks over time due to inflation. It's much better to get a 2% yield and average 4% growth over time than to get a 4% yield with no growth that is still subject to risk.

47 **Try to keep emotions out of it.** It is easy to make decisions on an emotional basis, especially when the market goes up or down. While we can't help our emotions, we can do our best to keep ourselves from acting on them. Sticking to your course is the best approach, and working with a trusted advisor can help you do that.

48 **Stash some cash.** Liquidity is critical. Keep your emergency fund and anything you need for short-term spending in a high-yield savings account. A good rule of thumb is to have three-to-six months' worth of living expenses in a liquid account (or eight-to-nine months if you are in an uncertain field).

49 **Don't panic when the market falls.** It presents an opportunity to buy more shares prior to retirement as you dollar cost average in your 401k.

50 **Invest for a long life.** Stepping into retirement is just the beginning. You'll probably be retired for a very long time. Don't get too conservative with your portfolio. Yes, what you need in the next year or two can be considered a short time horizon. But your entire retirement period may very well be much longer, so investing in an overly conservative manner could leave you short of your goals.

51 **Investing a lump sum all at once is as good - if not better - than piecemeal.** If you have a lump sum available to invest (e.g. you are moving over an IRA or have $100,000 in cash to invest), and you invest that piecemeal, you are essentially trying to time the market instead of spending time *in* the market.

52 **Reduce taxable income.** Depending upon your retirement tax bracket, you may want to adjust your investment approach to minimize taxes. Taxes on long-term capital gains can be lower than taxes on interest and dividends. Tax-efficient investments can help reduce your tax burden.

53 **Consider liquid investments.** If a financial emergency arises, you will want to be able to convert your investment into cash quickly. Stocks, bonds and CDs are considered liquid investments.

Secrets to Smart Giving

Giving your money to family or charities does more than just make you feel good – it can also offer tax advantages. Consider these ideas:

Make a gift of up to $14,000 to one or more recipients

Under current law, you and your spouse can each give up to $14,000 annually to any number of individuals – children, grandchildren, or other recipients – without incurring gift taxes. If you have a large estate, this is one way to help reduce estate taxes later on.

Contribute to a 529 college account for an eligible child

Not only does your contribution to a 529 college fund remove that money from your taxable estate, you retain full control of the money and can even take it back should you need the funds in the future. Currently, earnings are not subject to federal tax and generally not subject to state tax when used for the qualified education expenses. Contributions, however, are not deductible. You'll want to check irs.gov each year for specific tax consequences and contribution limits.

Consider a donor-advised fund

This approach to giving to charity has substantial tax advantages. You can contribute money to the fund now and get an immediate tax deduction for the full amount, and take years to actually distribute the money to the charities of your choice.

Give securities to a charity

If you hold stocks that have appreciated in value, you can give them to the charity of your choice and take their full value as a tax deduction, without having to pay capital gains taxes on any appreciation you've seen during the time you've held the investment.

54 **Have patience.** It can take four or five years to find a spending equilibrium in retirement. Don't worry – you'll find the right balance.

55 **Postpone Social Security.** You can start tapping into Social Security benefits at age 62, but it may be smarter to defer all the way until – and sometimes beyond – your full retirement age. Your benefits go up by 8% each year you wait beyond your full retirement age (66 or 67) until you reach age 70.

56 **Consider a part-time job.** Many retirees get bored within a few months and find part-time work. Some people prefer volunteer work, but there are lots of engaging part-time jobs that can supplement your income. You might enjoy working more when the pressure of your career is off.

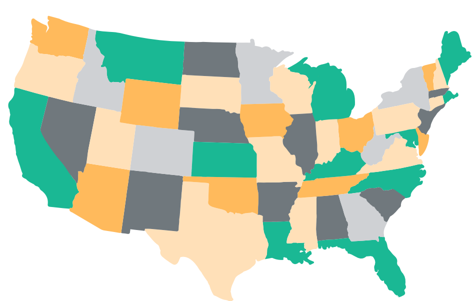
57 **Be flexible.** Retirement may be different from what you expect it to be. You might think you want to retire to the country, and then find yourself missing the culture of the city. Or you might think you want to stay in your home and then decide to move nearer to your children and grandchildren. It's okay to change your mind, if you have a solid retirement plan in place.

58 **Get organized.** Make it easy for heirs and/or executors to manage your estate when the time comes. Create a comprehensive listing of all accounts, finances, insurance and advisors with contact information, and let your family members know where it is.

59 **Find lost money.** This might be your lucky day! Some people can locate old forgotten bank accounts and other money that is due to them. It's worth a try at www.missingmoney.com. California residents have a separate site run by the state- controller: https://ucpi.sco.ca.gov/UCP/

60 **Give to charity from your IRA.** Once you're 70 ½ or older, you can transfer up to $100,000 each year tax-free from your IRAs directly to the non-profit(s) of your choice. The money counts as your Required Minimum Distribution but isn't included in your adjusted gross income.

61 **Relocating? Consider a tax-friendly city.** Some cities and states have tax policies that benefit retirees. Popular spots include Austin, Texas; Naples, Florida; and Seattle, Washington.



Thrive

Tips for loving your retirement

62 **Give of your time.** Regardless of whether you contribute financially, getting involved in a local charity, school or other cause can give meaning and richness to your life. Studies show that people enjoy both social and health benefits from volunteering and being connected to a community.

63 **Turn lemons into lemonade.** Whether you're laid up temporarily by an injury or are experiencing a chronic physical limitation, look for new things you can add to your life to replace activities you may no longer be able to enjoy. Trying new things helps keep your brain agile and can bring great rewards at all stages of life.

64 **Have fun for free.** You don't have to spend a cent to enjoy many interesting activities. You can download free audiobooks from the local library, attend free lectures at the local college and take a walk to explore a new neighborhood. Many websites now cater to those who are looking for fun activities at a low – or no – cost.

65 **Live your dreams.** You've saved for retirement so let yourself spend (within your budget). Take that trip you've planned for, sign up for those classes, or give that special gift to your grandchildren. That's what you've worked so hard for – so enjoy the fruits of your labor.

Get Organized

Here's a checklist of the information you should have readily available to your family members or estate executor. Hopefully no one will have to use this for decades, but you'll enjoy peace of mind knowing it's taken care of.

+ Bank account numbers, sign-in information and passwords
+ Brokerage and savings account information
+ Life insurance company and policy number
+ Names and phone numbers of your financial advisor, accountant and attorney
+ Information about safe deposit boxes and where to find keys
+ Where to find will/trust/power of attorney documents
+ Instructions on where to find other important papers

Let Personal Capital help you shape your future.

Working with a financial advisor is one of the smartest steps you can take to prepare yourself for your future. At Personal Capital, we partner with you to help chart your course toward a thriving retirement, leveraging our expertise in all aspects of financial planning and investing. You can rest easier knowing we're right by your side.

Take control with free financial tools.

At Personal Capital, you have free, unlimited access to online wealth planning tools that make financial decisions easier. There's no cost or obligation. Simply sign up at personalcapital.com or dowload our free 5-star app.

Get the benefit of conflict-free advice.

Our financial advisors are fiduciaries - which means they put your interests ahead of their own. We provide a transparent experience, with no gimmicks or hidden fees.

Move forward toward your goals.

Our team of financial advisors takes all your assets into account as a starting point for creating a truly personal and objective wealth plan to help you meet your unique goals.

Experience wealth advisory that's not just for the ultra wealthy.

Our advisory services are designed around your individual circumstances and are available with lower fees than traditional brokers.

Request a free 1:1 personal financial consultation.

We provide interested investors with investable assets of $100K or more a free personalized financial consultation with one of our licensed advisors. You can take advantage of our in-depth analysis and portfolio recommendations for free. There's no cost or obligation. Visit personalcapital.com and go to wealth management to schedule your appointment.

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