

Retirement Planning



MCKAY WEALTH MANAGEMENT

Keeping Your Plan on Track

After you set up your portfolio and you've allocated your assets, it might be nice to think you could turn off the light...lock the door...and come back in 20 years. Unfortunately, it doesn't work that way.

One of the keys to financial success is a watchful eye...but not the proverbial knee-jerk. Experts generally suggest that once you establish realistic financial goals and map out a strategy to reach those goals, you then establish a plan to

review and monitor your various accounts.

Over time, your investment accounts will fluctuate, for better or worse. At the end of a year, for example, you may find that your very nicely structured pie chart that included 40% stocks, 40% bonds and 20% money markets has metamorphosed into 60% stocks, 30% bonds and 10% cash.

The good news in this example is that your stocks appear to be doing well, but the

temptation to leave this alone should be resisted. Unless your situation has changed, you should consider working with us to re-set or rebalance your portfolio back to its original 40/40/20 mix.

As tempting as it may seem, jumping on the hot investment du jour isn't always the smartest way to go. The terms "on track" and "in balance" have a lot to do with keeping that metaphorical investment train on its rails.

Points of Interest

- KEEPING YOUR PLAN ON TRACK
- YOUR RETIREMENT AGE
- SOCIAL SECURITY FULL RETIREMENT AGE
- UNPLANNED RETIREMENT

When Will You Retire?

If you're like some of us, you might ask, "Is my next birthday too soon?" If you're looking at this from a social security and pension plan perspective, your next birthday may or may not work out for you.

There's an American cultural answer to when you'll retire...it's 65. That's when you get the gold watch, and your co-workers throw you a party in the conference room with black balloons and cake and lots of

over-the-hill jokes. (Remember when that was still true?)

Today, retirement age is defined a little differently and there is now something called your "full retirement

age." Full retirement age, as defined by Social Security as the age when you're eligible to receive full benefits is different depending on when you were born.



Retirement Planning

THE
EARLIEST
YOU CAN
START
RECEIVING
SOCIAL
SECURITY
BENEFITS
REMAINS
AGE 62

Social Security's Full Retirement Age Spread

- If you were born before 1938, your full retirement age is 65. And if you were born before 1938, you're probably reading this from the comfort of your post-retirement easy chair.
- If you were born after 1938, your retirement age is increased by two months for every year after 1938 – up to and including 1942.
- If you were born between 1943 – 1954, your full retirement age for collecting social security is 66.
- Then from 1955 on, social security adds two months for every year up to and including 1959.
- If you were born in 1960 or later, your full retirement age is 67.

You have the option of taking "early retirement" and begin collecting Social Security at age 62, no matter what year you were born. However, you will take a "hit" in your monthly benefit amount because it's assumed you'll be collecting over a longer period.

Pensions and IRAs

If you're looking to retire on your personal investments, IRAs or employer sponsored retirement plans, you can choose any retirement age, however, the amount you receive will vary depending on the amount in your various retirement accounts.

Some types of pension

plans won't begin paying you until you reach a certain age, such as 65, no matter when you chose to quit; and if you take any money from a qualified plan such as an IRA or certain personal accounts, such as annuities before 59 ½, you may be subject to tax penalties if you don't structure your

retirement income properly.

Even if you never want to retire...there are some types of plans, including traditional IRAs, that will make you begin taking income payments when you reach 70 ½, even if you're still happily working away.

The Unplanned Event

If you are taking an unplanned early retirement because of health reasons or a layoff you want to start economizing and revising your retirement planning strategies immediately.

Don't make any hasty financial decisions. Look at

your situation and evaluate your income and expense needs, your insurance coverage, investment mix, among others. We can help you work through some of the financial decisions you'll face.



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