

Ready to Retire?

A CHECKLIST FOR A SMOOTH TRANSITION FOR UC AND CALIFORNIA STATE UNIVERSITY EMPLOYEES

You have worked hard in your career at the university, and now you are dreaming of retirement. But what are the steps you should take to help ensure a stress-free process and a successful outcome? Use the following checklist to make sense of your financial options and move successfully into the next phase of your life.

1

DECIDE WHEN YOU WILL RETIRE

- ❑ Consider when you would like to retire based on your life goals and a general understanding of your finances.
- ❑ Do you have a second career in mind, or are you ready to truly retire?

2

UNDERSTAND AND ESTIMATE YOUR PENSION

- ❑ Attend a retirement workshop provided by your employer to get a basic understanding of your pension and retiree health care benefits.
- ❑ Use your system's online pension estimator to develop a preliminary estimate of your retirement income benefit and to understand your options for survivor benefits.
- ❑ For UC employees who have the option of a lump-sum payout, determine if there are extenuating circumstances (e.g., shortened life expectancy) that make this worth investigating further.
- ❑ Determine if you can purchase additional service credit under the provisions of your pension plan and whether it would be advantageous to do so.
- ❑ If you have other government pension plans, determine if they have reciprocity with your UCRP or CalPERS pension, which may increase the monthly benefit amount.
- ❑ Review the cost of living adjustment (COLA) features of your pension plan.

3

REVIEW YOUR RETIREE HEALTH CARE BENEFITS

- ❑ Determine whether you are eligible for retiree health benefits and how much your employer will contribute toward the cost.
- ❑ If you are approaching Medicare eligibility (generally at age 65), understand how your employer coverage works under Medicare. Also familiarize yourself with the Medicare Part B premium reimbursement feature that your employer may offer.

4

DETERMINE YOUR OTHER INCOME SOURCES AND EXPENSES

- ❑ Visit www.ssa.gov to obtain a Social Security benefit estimate statement.
- ❑ If you or your spouse have other pension plans, obtain estimates for those income sources. Also factor in anticipated sources such as wage, business, or rental income.
- ❑ If you or your spouse have government pension benefits based on employment during which you did not pay into Social Security, become familiar with the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) limitations of retiree and spousal benefits from Social Security.
- ❑ With a retirement budget in mind, compare the above recurring sources of income with your expenses. Don't forget to factor in income taxes. If you have a gap between retirement income and expenses, look to your retirement savings to fund the difference.

5

PUTTING IT ALL TOGETHER

- ❑ Once you have the above information, it's time to develop a holistic retirement plan that addresses your future needs with a combination of income sources, including pensions, Social Security, and savings.
- ❑ Factor in changes in expenses over your lifetime due to inflation, lifestyle, and debt payoff. Be realistic about potential "big ticket" items such as dental and home repair expenses that may be hard to predict but often present an unwelcome surprise for retirees.

6

BEGIN THE RETIREMENT PROCESS

- ❑ Once you have the confidence to move forward, obtain a firm estimate of your pension benefit from your plan administrator, and check it against the online estimates you developed earlier.
- ❑ Carefully review the survivor options and income amounts before making a final selection. For long-term employees with spouses or eligible partners, this may be the most important financial decision you will ever make.
- ❑ If you have access to a CalPERS or UCRP counselor for a personal meeting, use that opportunity to go over your pension options and review your health care benefits. Otherwise, use their call centers to go over any information that is unclear.
- ❑ Determine the amount of withholding you want taken from your pension.
- ❑ Complete and submit all retirement forms that the center requests from you.
- ❑ Determine when to start Social Security based on your unique situation.

7

ADJUST YOUR PORTFOLIO

- ❑ Based on your retirement plan, adjust your portfolio as needed to address your time horizon, the anticipated withdrawal amounts each year, and your risk tolerance as you make the transition from saver to spender of your life's savings.
- ❑ Determine if consolidating your retirement accounts would help you simplify the management of your assets.

8

MONITOR YOUR PLAN

- ❑ After settling in for the first year, periodically review your income and expense assumptions, and adjust your plan and portfolio as needed to keep you on track.

Do You Have Questions About Your Retirement Plan?

At Symphony Financial Planning, we have been advising educational professionals since our founding in 2006. Located in Davis, we are well acquainted with the needs of employees of regional universities such as UC Davis and California State University, Sacramento. Your circumstances are unique. We can provide personalized, detailed, one-on-one guidance to help you in your transition, as well as ongoing financial planning and portfolio management.

Call us at (530) 758-2885 for a complimentary get-acquainted meeting to see how we can help you.



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