BNY MELLON RETIREMENT

Top 10 Year-End Action Items for Effective Retirement Planning

Year-end is an ideal time to check in with your clients to ensure they remain on track to achieve their targeted retirement outcomes. We recommend implementing these 10 action items for meaningful retirement conversations.

1. Begin with a full annual inventory of your client's investment-related retirement assets such as IRAs, 401(k)s, annuities and pension plans.

2. Review IRA and employer-sponsored retirement plans to gauge whether annual contributions have been maximized. Recommend making additional contributions if appropriate.

3. For clients age 50 and older, consider additional catch-up contributions to IRA and employer retirement plans.

4. For your small-business owner clients, establish small-business retirement plans, and make annual contributions.

5. Help clients consider consolidating retirement savings accounts through IRA rollovers. Inquire about previous employers, recent job changes, and possible changes in the coming year.

6. Reassess clients' consolidated investment strategies relative to their risk tolerance and retirement goals. Confirm their comprehensive investment strategy and portfolio allocation is inclusive of their employer-sponsored plan's assets.

7. Help clients recalibrate their contribution and savings rates for the coming year to ensure they stay on track for their targeted outcome. If rates are too low, help with budgeting to reallocate discretionary spending to savings as appropriate.

8. Confirm that clients who are approaching age 70 ½ (and over) are aware of their required minimum distributions (RMDs), and have a plan to activate these in order to avoid 50% penalty taxes.

9. Review gains and losses in tax-deferred retirement plan accounts. If account values are down, consider Roth conversion strategies. Roth conversions generate current-year ordinary income taxes on the amount converted, in exchange for tax-free withdrawals in retirement. Converting when account values are down may incur relatively lower taxes than when account values are higher.

10. Review beneficiary designations to reflect clients' desires and any changes to the family structure. Present a stretch IRA strategy to help maximize the value transferred to heirs.

Learn More

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