Retiring soon?

Here are **5 ways to get** your retirement plan ready.

IF YOU'RE READING THIS, THAT LIKELY MEANS YOU'RE CLOSE TO RETIREMENT. CONGRATULATIONS ON REACHING THIS IMPORTANT MILESTONE. HERE ARE A FEW STEPS YOU CAN TAKE NOW TO MAKE SURE YOUR RETIREMENT PLAN IS RETIREMENT READY.

1. Consider reviewing your retirement plan holdings.

You'll want to carefully review the investments in your retirement plan. You may want to consider the amount of investment risk you're taking. Why does this matter? You'll soon be relying on that money to pay for living expenses and want to be sure you're adequately protected against stock market volatility.

How much risk is too much? The answer varies for everyone. As a general rule, stock funds are considered riskier than bond funds. It is important to evaluate your investment portfolio to ensure that you have the appropriate combination of investments that align with your retirement goals.

WHAT TO DO NOW: Consider reviewing your holdings at least once a year and rebalance regularly to ensure your investments are positioned well for your stage of life and tolerance for risk. You may also want to speak with a financial professional who can offer more personalized guidance on the right investment mix for you.

2. Make a plan for withdrawals — especially RMDs.

The order in which you start taking money out of your accounts can affect your retirement savings, so you'll want to have a sound strategy for making withdrawals. Money in your retirement plan and any individual retirement accounts (IRAs) grow tax-free until you withdraw it. Your goal should be to leave the money in those accounts as long as possible. Note: if you have a Roth balance in your retirement plan, these balances can be withdrawn tax-free, provided that you're age 59 ½ and you've held the account longer than 5 years.

When you're ready to start drawing down money to fund your retirement, begin with your taxable accounts. These include bank accounts, money market accounts outside your retirement plan, and any brokerage or investment accounts that are not tax-advantaged.

Additionally, you will need to be familiar with required minimum distributions (RMDs) rules. These are the minimum amounts you must withdraw from your retirement accounts each year. (But you can *withdraw more* than the minimum amount required.)

Typically, you must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you turn 73. However, for workplace retirement plans like a 401(k) or 403(b), you may delay taking RMDs until the year you retire.

WHAT TO DO NOW: Go to irs.gov for more details on RMDs and when you need to start taking them.

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3. Roll over or stay? Consider your choices.

You may have choices when it comes to choosing whether to keep your investments in your employee retirement plan or roll those assets over to an IRA. Keeping the money in a company plan is becoming increasingly common for recent retirees; in fact, 54% left their savings in their employer's plan, according to recent data.[1]

WHAT TO DO NOW: Evaluate the fees and the range of investment choices available in your company retirement plan. This can help you compare that plan to others you may be considering for a potential rollover. You might also inquire whether investment advice is available through your company's plan, should you decide you need it. You may also want to review your retirement plan's Summary Plan Description (SPD) for specific information related to the distribution options available to you.

4. Keep saving between now and retirement if you can.

If possible, it's also a smart idea to continue contributing as much as possible to your retirement accounts. And remember, once you're past 50, the IRS allows you to make additional catch-up contributions. How much? In 2024, the IRS maximum for contributions is $23,000 — but catch-up contributions make it possible for you to save an additional $7,500, bringing your overall potential contribution for the year to $30,500.

Likewise, make sure you're getting the maximum company match your employer may offer to help you boost your retirement plan contributions between now and your final paycheck.

WHAT TO DO NOW: Go to irs.gov. Contribution limits, including catch-up contribution amounts, can change year to year, so visit the IRS's website to know how much you can save annually in your company retirement plan.

5. Consider meeting with a financial professional.

If you're not already working with a financial professional, now may be an excellent time to start. Getting your finances in order as you prepare to embark on this next phase of your life is no small feat. A professional can help you with the items mentioned in this article and help you make informed decisions based on your specific needs and goals.

WHAT TO DO NOW: You might start by finding out whether financial advice is available through your company retirement plan. Alternatively, ask people you trust whether they have a financial professional they can recommend. Before selecting a financial professional, make sure that individual has experience helping people make the transition from working to retirement.

54%

of recent retirees **chose to leave their money** in their employer's plan

MORE ADP RETIREMENT INSIGHTS

For more ways to plan your future retirement paycheck and boost your readiness, ADP offers learning resources, insights, and tools at ADP Achieve in the ADP Engagement Hub.

1 The Pew Charitable Trusts, September 20, 2021, https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2021/09/pew-survey-explores-consumer-trend-to-roll-over-workplace-savings-into-ira-plans.

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