

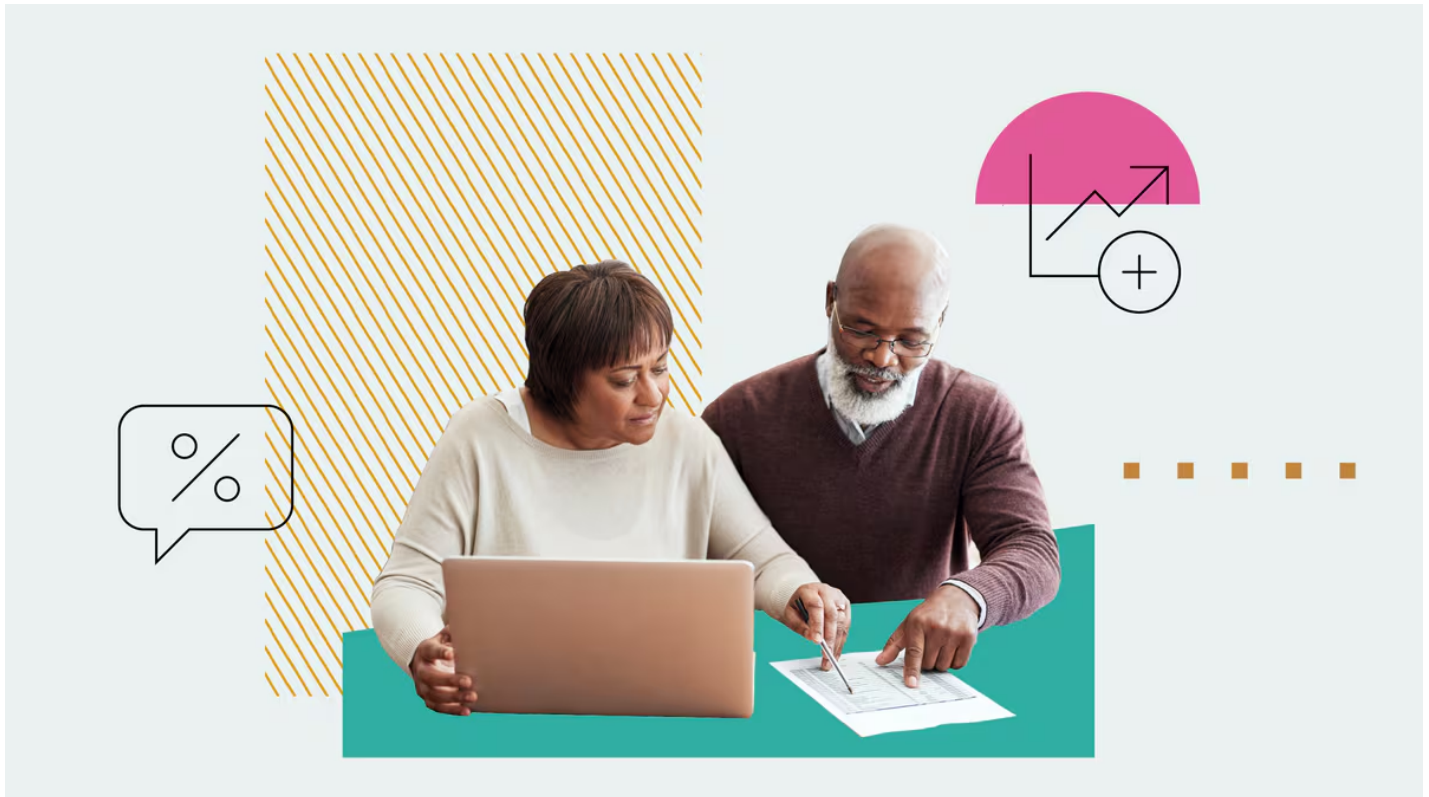
A Retirement Readiness Checklist

Evaluating your retirement plan can be more manageable if you break it into smaller steps.



[Christine Benz](#) • Sep 8, 2025

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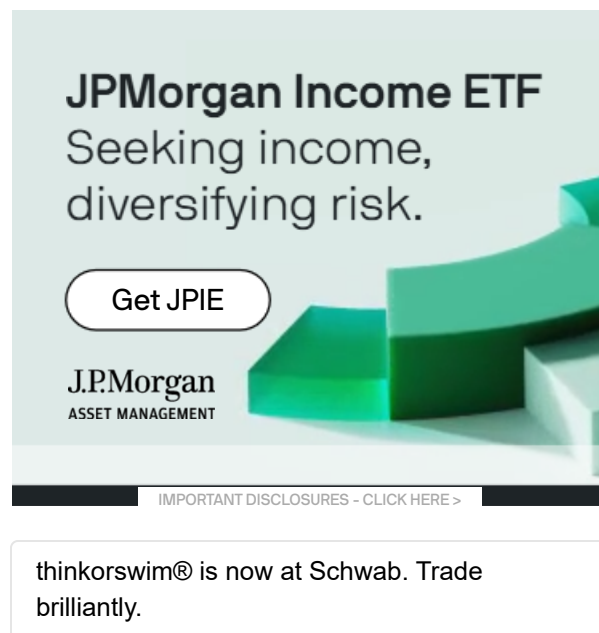


As the mother of six kids, one of whom had special needs, my mom was organized, to say the least. She carefully calibrated her schedule to accommodate her many responsibilities, and she relied on lists, always lots of lists, to keep everyone and everything on track. My sisters and I once found a checklist of to-dos, complete with addenda for packing the suitcases and food, that she had written before a family vacation. It was as detailed as if she had been a military general taking us all into battle.

My mom knew then what research has subsequently proved and what whole books have been devoted to: Using checklists can help us avoid mistakes, be more efficient, and reduce stress. Checklists can also take seemingly enormous, daunting jobs—like

taking a family of eight on the road for two weeks—and make them seem doable by breaking them into smaller, more manageable steps.

Gauging your financial affairs in advance of retirement is a job that lends itself well to a checklist. Of course, financial management before and in retirement is so complex that I'd recommend that you also obtain professional help, or at least a second opinion on your plan, before you embark on it. But even if you ultimately end up employing a financial advisor to be your guide as you prepare to retire, using a checklist can help you comprehend the key variables that will make your retirement plan succeed or fail. It can help you course-correct before it's too late.

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If you're starting to think about retirement and what your retirement plan should look like, here's a checklist to help you think through the key variables.

1. Consider your retirement date.
2. Assess your in-retirement income needs.
3. Quantify and maximize pension and Social Security benefits.
4. Evaluate the appropriateness of annuities.
5. Determine whether your planned retirement spending rate is maintainable.
6. Craft a long-term portfolio based on your anticipated retirement income needs.

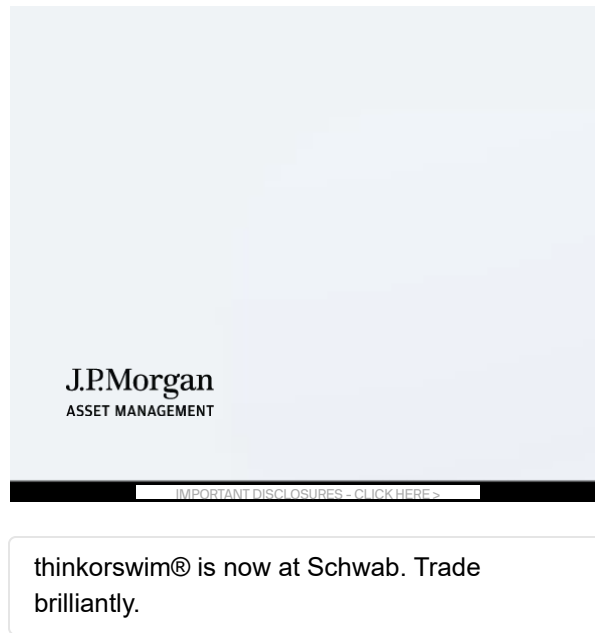
7. Pay attention to tax management.
8. Assess insurance coverage.
9. Attend to your estate, portfolio succession plan.

1) Consider Your Retirement Date

One of the key steps as you develop your retirement plan is considering when you plan to retire. Of course, the financial payoff of working longer has been well documented: Delayed portfolio withdrawals, additional retirement plan contributions and tax-deferred compounding, and a larger Social Security benefit can all contribute to a plan's durability.

But it's worthwhile to consider your expected retirement date from a number of additional angles, not just the financial dimension. You'll also want to consider quality-of-life issues, health, and whether you can actually continue to do your job later in life.

It's also important to bring a healthy dose of humility to retirement-date planning. Research from David Blanchett, formerly of Morningstar and now at PGIM, has demonstrated that people often do a poor job of estimating when they expect to retire. People who thought they would hang it up early often ended up working longer than they estimated, whereas many who had anticipated delaying retirement didn't do so. Health issues or layoffs often force people out of the workforce earlier than they might consider ideal, while others continue to work longer than they anticipated because they need or enjoy their jobs or value the social dimension. In other words, as valuable as it is to set a goal date for retirement, you may end up deviating from it for one reason or another.



2) Assess Your In-Retirement Income Needs

The next step in the process is to take stock of your planned in-retirement spending. One common rule of thumb for that job is the 80% rule—that is, in retirement, you'll need to replace about 80% of your working income. Taxes may go down, and you don't have to save as you did when you were working, which represents the bulk of that 20% reduction.

But affluent retirees tend to spend much less than 80% of their working incomes, on average, whereas retirees with lower working incomes tend to consume a higher percentage of their working incomes in retirement. That's only logical, in that affluent households likely have heavier savings rates, whereas lower-income households consume a bigger share of what they make.

Moreover, many retirees plan lifestyle changes in retirement that will affect their spending. Some retirees may be planning to downsize or move to a lower-cost part of the country to make retirement more affordable, for example, while other retirees may expect spending to increase because of heavy travel plans. Making lifestyle adjustments like these can be incredibly impactful from a financial standpoint, but they may not be agreeable to many.

Because forecasting your anticipated income needs is such an important component of crafting your retirement plan, make sure you rightsize your income needs by looking

at your expected outlays line item by line item. Also, remember that your spending won't necessarily be static from year to year; you may have higher-spending years, especially in the early and possibly in the later parts of retirement, and lower-spending ones, too.

3) Quantify and Maximize Pension and Social Security Benefits

How much of those income needs will be supplied by sources other than your portfolio—for example, Social Security and/or pension income? The next step in the process is to quantify how much income you'll receive from those sources and to consider how your decisions can enlarge or shrink those benefits. Delaying Social Security, for example, will enlarge your eventual benefit and is often a good option for people who anticipate longer-than-average life expectancies. On the other hand, opting for the pension payout that doesn't just cover you for your lifetime but also provides a benefit for your spouse if you predecease them will reduce the payout that you receive.

These decisions are mission-critical: The more of your income that you're able to replace with Social Security or a pension, the less you'll have to rely on your own portfolio to pay the bills. Making smart pension decisions is personal and a good spot to get some professional help. For a window into how various Social Security filing strategies might affect your eventual benefits, I'm a fan of the free tool Open Social Security.

4) Evaluate the Appropriateness of Annuities

If Social Security and/or a pension will supply you with less income than you need for basic expenses—housing, food, utilities, and insurance, for example—an annuity may be appropriate. Annuities can be another source of lifetime income, but they can also be devilishly complicated and, in some cases, quite costly. Before sinking a portion of your assets into an annuity, it's important to thoroughly understand what you're getting: whether you need such a product in the first place, what type of annuity might be right for your needs, and where to hold the annuity and how much to put into it.

5) Determine Whether Your Planned Retirement Spending Rate Is Reasonable

Once you've determined your in-retirement income needs and how much of them will be covered by certain sources such as Social Security (and possibly an annuity), your portfolio is going to have to supply the amount that's left over. The annual dollar amount you plan to withdraw from your portfolio, divided by your portfolio's current value, is your withdrawal rate (or even better, your spending rate).

What's a reasonable withdrawal rate? People embarking on retirement planning often start with the 4% guideline, which revolves around withdrawing 4% of a portfolio's value in year one of retirement, then inflation-adjusting that dollar amount thereafter. That system would have worked over a wide variety of 25- to 30-year periods over modern market history, and our recent research on safe withdrawal rates suggests that it's still a pretty good rule of thumb when thinking about retirement drawdowns. Our research also points to the value of flexibility when thinking about how much you can withdraw from year to year, as doing so allows for a higher starting withdrawal percentage.

6) Craft a Long-Term Portfolio Based on Your Anticipated Retirement Income Needs

Once you've determined your spending plan, the next step is to structure your portfolio to support it. Long gone are the days when retirees can subsist on the income from their cash and bonds; to help provide capital appreciation and inflation protection, today's retirees also need the long-term growth potential from stocks.

To help structure your portfolio, I like the idea of using your cash flow needs to determine how much to hold in cash, bonds, and stocks. In my model Bucket portfolios, for example, I've held near-term spending needs (two years' worth) in cash, another eight years' worth of cash flow needs in bonds and dividend-paying equities, and the remainder of the portfolio in globally diversified stocks. That provides a roughly 10-year buffer in case stocks decline and stay down for a long time. The key is using your own cash flow needs to inform your asset-allocation positioning.

7) Pay Attention to Tax Management

It would be so simple if we could each bring just a single portfolio into retirement, but the reality is much messier. Most retirees hold their assets in a variety of tax silos: tax-deferred, taxable, and Roth. Each of these accounts carries its own tax treatment,

which has implications for the types of securities you hold within them. In addition to “asset location” considerations, it’s also worthwhile to harmonize how you’ll withdraw from these accounts for your cash flow needs, as doing so can reduce the drag of taxes on your withdrawals.

Basic withdrawal-sequencing guidelines are a starting point, but the best withdrawal strategies factor in required minimum distributions and Medicare and Social Security taxation, among other issues. Early retirement, before required minimum distributions commence, may also be a good time to consider making changes, such as converting traditional IRAs to Roth. If all of this sounds complicated, it is—which is why it’s wise to get some tax guidance as you plan your withdrawal strategy.

8) Assess Insurance Coverage

Nearly all of the insurance coverage that made sense while you were working—auto and homeowners insurance, for example—will still be necessary while you’re retired. But Medicare adds a new wrinkle to healthcare coverage for retirees, along with purchasing supplemental coverage to pick up what Medicare doesn’t. It’s also worthwhile to consider other types of coverage, notably long-term-care insurance, well before you’re retired. The decision about how to cover long-term-care outlays if they arise is a complicated one. I’ve written about some of the major options, including self-funding, purchasing traditional long-term care insurance, and hybrid insurance products.

9) Attend to Your Estate, Portfolio Succession Plan

Documenting your wishes in case you should die or become incapacitated is valuable at every life stage, but it takes on increasing importance when we age. What do you want to happen to your financial assets? Whom do you want to be able to make important financial and healthcare decisions on your behalf? What instructions do you want to give your spouse or other loved ones about your portfolio? Retirees and preretirees should ask—and answer—all of these questions when they’re of sound mind and body and update their estate plans and beneficiary designations periodically to reflect their current situations. This is a spot to get some competent legal help—ideally from an attorney who’s well-versed in planning for situations like yours.

The onus will be on you for other aspects of estate and succession planning—for example, that your loved ones know how to manage your portfolio, your digital estate, and other matters. The good news is that you can prepare much of this documentation on your own, without paid legal help.

Editor's Note: This article previously appeared on May 14, 2024.

What are the secrets to a healthy, happy, and wealthy retirement? Find out with Christine Benz's new book, "How to Retire"

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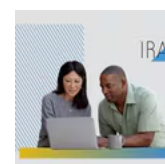
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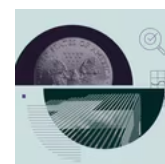
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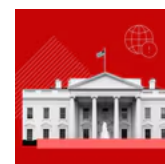
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