



Retirement Roadmap:

A Guide to Preparing for Retirement at Every Age

Whether it's decades away or around the corner, your retirement will be primarily shaped by the financial decisions you make along the way. The path to retirement looks different for everyone, but taking a proactive approach to planning can set you up for success at every stage of life. By setting clear long-term goals while hitting short-term target milestones, you can work toward achieving the retirement you envision.

While having a plan is essential, there's no way to predict what the future holds. Therefore, a flexible plan can allow you to navigate life's ups and downs without compromising your long-term goals. [Morgan Stanley Virtual Advisor](#) is here to help you get started, stay the course, or adjust your retirement strategies as your life and plans evolve.

Think of your retirement planning journey in three phases:

1



SAVING FOR RETIREMENT

While retirement may still be far into your future, it's essential to start planning and saving for the long-term. In this stage, start considering what you want your future life to look like, so you can work backwards to develop a manageable savings strategy that works alongside your more near-term financial goals.

2



TRANSITIONING INTO RETIREMENT

Financially, it's time to shift your focus from building your savings to planning your spending and considering how to continue generating income. The change from working life to retirement can be potentially abrupt, so giving thoughtful consideration to the transition can help you navigate when the time comes.

3



LIVING IN RETIREMENT

You're enjoying life as a retiree, but have you taken the steps needed to help ensure your money will last? You may be right on track with what you planned or found that you're making new plans and adjustments to what you expected, so it's important to continue checking in on how your retirement savings align with this stage of life.





Saving for Your Retirement: Your Future Starts Now

When you're first starting out, it can be tough to think about setting aside money for retirement with so many competing obligations from student loan debt to rent and car payments to milestones like planning a wedding and starting a family.

Our Financial Advisors at [Morgan Stanley Virtual Advisor](#) can work with you to provide education and guidance and build a goals-based strategy that evolves with your lifestyle. Through these discussions, you can gain a deeper understanding of how your current financial picture will impact your future retirement.

Estimating Your Target: Savings or Retirement Goals

Identifying a target savings goal for retirement is a personal choice that can include factors ranging from age and current income to monthly expenses and retirement lifestyle goals.

While the number varies by age, \$1.3M is the average amount Americans think they'll need to retire comfortably.³ If you'd like guidance on how to get your own target number, retirement goal setting is a great first conversation to have with a Financial Advisor. By talking through your current financial picture and asking questions about the future, which you may not have considered yet, an Advisor can help you conceptualize what you'll need whether you're hoping to retire 5 or 35 years from now.

Once you have a set long-term target, you can begin planning strategies to help get you there, accounting for milestones you'll hit along the way. No two retirements are the same, so your plan will be tailored to your circumstances and priorities. And while having a plan in place is beneficial, there's no way to predict what might happen, so a Financial Advisor can help you adjust while staying the course.

1/5

of Americans say they regret not saving for retirement early enough.¹



How much you should consider saving each month in order to reach expected retirement savings by 65:

AGE GROUP: 20s

Amount expected to need for retirement \$1.2M.

\$250

AGE GROUP: 30s

Amount expected to need for retirement \$1.4M.

\$653

AGE GROUP: 40s

Amount expected to need for retirement \$1.3M.

\$1,430

AGE GROUP: 50s

Amount expected to need for retirement \$1.6M.

\$4,739

For illustrative purposes only, not indicative of any specific investment type. Assumes an 8% return, starting amount of \$0 and the reinvestment of earnings. A plan of systemic savings does not ensure a profit or prevent a loss in a declining market. Actual results may vary.

Consider these strategies to help you get started on saving and growing your nest egg:



Visualize your life in retirement.

Though it may be far away, you can begin setting long-term, aspirational retirement goals and understanding how much it will cost to lay the foundation for your financial plan.



Start saving, often and early if possible.

Small savings add up and the earlier you start, the harder your money can work for you. If you haven't started planning yet, don't panic. It's never too late to begin thinking about what you want your future to look like or seek guidance to help put you on a path towards your goals.



Contribute to your workplace retirement plan, such as a 401(k).

If your employer offers a matching contribution, try to contribute enough to reach the match limit.

TIP Supplement your retirement savings. When you get bonuses, equity compensation payouts and other windfalls, treat it like your paycheck and automatically allocate a portion to retirement.



Steer clear of emotional spending and maintain focus on your long-term plan.

More than half of Americans have taken on some amount of debt as a result of emotional spending (53%). This number jumps to 67% for Gen Z and 66% for millennials.²



Go beyond the workplace with Individual Retirement Accounts (IRAs).

If you have maxed out your workplace plan, consider vehicles like IRAs, if eligible, and think about mixing and matching traditional and Roth tax strategies.



Create a Health Savings Account (HSA) and Flexible Spending Account (FSA).

When available, this allows you to put money away tax-free for future out-of-pocket healthcare costs.



Save strategically and allocate assets wisely with these best practices:

Pay off your debts.

Focus on eliminating high-interest debt first, which is typically comprised of credit card or department store card debt.

Automate your savings.

Treat your savings as an additional expense and set up an automatic deposit to transfer a percentage (aim for 10%) of your income directly into your savings account each month.

Build a budget.

Follow the 50/30/20 rule as a guideline: 50% of your income for expenses, 30% for discretionary spending and 20% for savings.



Transitioning Into Retirement: Put Your Savings to Work

About 80% of pre-retirees expect they'll continue working to help finance their retirement—but among current retirees, more than 40% said they should have relied more on outside experts to monitor and manage their retirement savings.⁴

Retirement can be a big transition. As this stage of life approaches, reassess your financial plan. Take time to evaluate your strategy as you shift focus from building your savings to creating a spending plan and generating income.

Long-Term Care Insurance

There is a 70% chance that an American aged 65 or older will need long-term care at some point.⁵



Long-term care insurance helps to pay for the broad range of medical and personal services, including nursing home, assisted living or home care expenses, for individuals who need assistance with daily activities for an extended period of time.

With retirement on the horizon, these strategies can help transform savings into income:



Revisit your vision for retirement.

What does the future hold? Will you relocate near your grandkids or travel often? Will you continue working? Now that retirement is imminent, update your retirement plan to determine short-term steps to help achieve your goals.



Max out contributions.

If you aren't already, now is the time to maximize contributions to your employer-sponsored retirement plan.



Keep track of your retirement accounts.

By the time many of us reach our 40s and 50s, we may have accumulated a slew of retirement accounts. Monitoring your accounts can help invest your savings appropriately for your overall goals and track the performance of your holdings.



Build your "retirement paycheck."

As you approach retirement, a Financial Advisor can help you create an income stream designed to support your needs in retirement or a "retirement paycheck." It can include:

- Current salary
- Working in retirement
- Social Security
- Pension
- Retirement plan distributions
- Investment income



Expect the unexpected.

When it comes to long-term care, place a priority on your physical and mental healthcare costs and have a plan in place, including associated needs related to downsizing your home and long-term care facilities.



Consider these steps in the countdown to your retirement date:

10 T-10 Years

- Increase your savings rate.
- Build up your emergency reserves.
- Identify a target retirement date.
- Build a team of professionals you feel comfortable with.

5 T-5 Years

- Assess your financial situation.
- Evaluate your asset allocation.
- Identify gaps between expected income needs and potential income.

3 T-3 Years

- Update your estate plan.
- Begin increasing cash reserves.
- Think about where you want to live if you are planning to relocate.

2 T-2 Years

- Re-run the numbers for your retirement income and expenses.
- Map out your tax plan with your team.
- Test living on your planned retirement income.

1 T-1 Years

- Determine your health insurance plans.
- Make a plan for when to access Social Security benefits.
- Critically assess your portfolio's retirement readiness.
- **Lock in your retirement date.**





Living in Retirement: Preserving Your Nest Egg

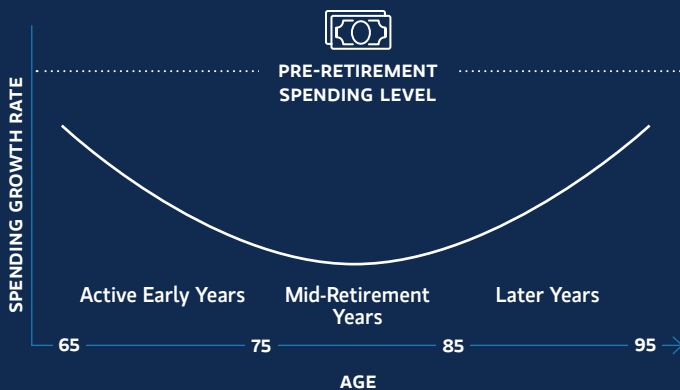
\$315,000*: The average 65-year-old retired couple is expected to need for health care expenses in retirement.⁶

It's time to enjoy your life as a retiree—make the most of this time, by taking steps to ensure your money will last. Thanks to advances in medicine and health science, people are living longer, healthier lives than ever before. But with increased longevity comes the risk of outliving your assets, so it's important to understand if your savings can cover a retirement spanning multiple decades. In addition to longevity, the latter phase of your career is the time to examine a wider range of possible risks to your financial stability in retirement.

* Projections do not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care services such as care at skilled nursing facilities or through a home care provider.

The 'Retirement Spending Smile'

Spending tends to evolve over the course of retirement.



Preserve your savings to live the lifestyle you worked hard to achieve with these strategies:



Create a spending plan based on retirement income.

It's essential to plan ahead with an eye toward your unique lifestyle, preferences and spending needs. Identify opportunities to boost your income as needed.⁷



Review your portfolio with a Financial Advisor.

Consider the following factors:

LONGEVITY RISK

Planning for a longer-than-expected life.

MARKET RISK

Timing of a bear market.

INFLATION RISK

Preserving purchasing power over time.

ASSET ALLOCATION RISK

Managing a portfolio with multiple objectives.

EXCESS WITHDRAWAL RISK

Funding your lifestyle without depleting your portfolio.

HEALTH CARE COSTS

Catastrophic illness or long-term care.



Reevaluate, reallocate, reimagine.

Retirement is a major transition that brings a range of changes that can be both exciting and stressful. Be prepared to pivot as your needs evolve and regularly review important aspects including your tax strategy, estate plan and long-term care needs.

Conclusion

The journey to retirement can be complex, but it is attainable with seemingly small steps and thoughtful planning. It's important to understand your specific needs, both today and in the future, so that you can create a plan that best aligns with your goals.

Along with personal tax or legal advisors, [Morgan Stanley Virtual Advisor's team of knowledgeable Financial Advisors](#) can help simplify the planning process and help you create a retirement plan that is tailored to reflect what you care about most. Our Financial Advisors collaborate with you throughout each stage to prepare for, transition into, and enjoy life in retirement. Backed by Morgan Stanley's 85+ years of experience navigating markets and cutting-edge technology, Advisors are equipped to build investment strategies that may have a meaningful impact on your aspirations and help you adapt in the face of whatever life may throw your way.

Schedule a conversation with a Financial Advisor to ask these questions and take the next step towards your goals with confidence.

Connect with a Financial Advisor.

Morgan Stanley Virtual Advisor
866-743-5700
8:00 a.m.–7:30 p.m. ET, Monday–Friday

[Get Started Here](#)

Already a client? Schedule your next conversation.

Morgan Stanley Virtual Advisor
888-454-0555
8:00 a.m.–7:30 p.m. ET, Monday–Friday

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