

# How Close Am I To Retirement?

Understand your real retirement number, minimize your taxes, and maximize your freedom.

# The day you retire is arguably the most important day in your financial life.

On that day, you are betting the money you've worked hard to earn and save will now provide for you for the rest of your life... and beyond.

Your retirement date isn't just a date on the calendar—it's a starting line for the rest of your life; an opportunity to gain the freedom to choose how you spend your time, support your loved ones, and pursue what matters most.

The money you have saved for that time period should help you not just survive, but continue to *thrive*.

Many of our clients come to us asking the same retirement-related questions:

- How much do I really need to retire?
- Can I afford to retire sooner rather than later?
- How do I reduce the taxes I'll owe when I start drawing from my investments?

If you have these questions—or inquiries like them—you're in the right place.

Throughout this guide, you'll learn how to clarify your retirement income needs by calculating your estimated Annual Spending Number (ASN), get a general idea of how close you are to achieving it based on the track you're on now, and gain a more thorough understanding of what else you need to consider—risks and all—when it comes to planning for the retirement of your dreams.

At Hendershott Wealth Management®, our ultimate intent is simple: *People are thriving.*

As you dive in, remember: **We're here, in your corner, every step of the way, as you design and plan for the retirement that sets you up to thrive.**

Now, let's get started.

*To your prosperity!*

Hilary + the HWM team

By going through this guide, you're one (major) step closer to having full confidence in building a retirement plan that achieves all of your goals.

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# Determine your Annual Spending Number (ASN)

## **Before you know whether or not you have enough to thrive in retirement, you have to know what “enough” is.**

While many people assume they'll need to replace a fixed percentage of their current income in retirement, the reality is that it's your expected expenses—your *spending*—that you need to be able to comfortably cover.

### **Enter: Your Annual Spending Number (ASN)**

Your ASN is the amount you'll need to draw from your investment portfolio each year during retirement if you were to both pay your bills—including your taxes!—and live a life where you're thriving.

In other words, it's how much you need your portfolio to produce annually so you can cover your lifestyle and obligations, without worry.

What that includes will be different for everyone. For some of our clients at Hendershott Wealth, it means a month-long trip abroad each year. For others, it means gifting \$50,000 to their children every year. For others, it means a dedicated amount allocated to certain charities each month.

This is your retirement, and having financial freedom means having *choice* in what that looks like.

The choices you make—AKA the priorities you set—will help determine your ASN. And we encourage you to dream as big as you want to.

Here's how to get an idea of your Annual Spending Number:

# Determine your Annual Spending Number (ASN)

## 1. Calculate your current annual spending, plus the taxes you pay

Start by figuring out what you spend now on an annual basis. Your current spending figure is the jumping-off point for estimating your retirement needs.

*Option 1:* To calculate your spending, review your budgeting app, bank statements, or credit card records to sum up a year's worth of expenses. Include everything—from major bills to day-to-day living costs—to establish a baseline.

Don't forget your large, lumpy expenses. This includes budgeting for the purchase of vehicles. Take the amount you spent on your last car and divide it by the number of years in between car purchases. For example, if you spent \$50,000 on a car in 2023, and it had been ten years between vehicle purchases, your annual car budget is \$5,000.

Also consider real estate maintenance such as a new roof, appliance purchase and repair, etc. Some accountants simply use 1% of the value of the property to estimate these repair and maintenance costs, so that can be an alternative way to calculate this number. Add that to your calculations of the amount of money you'll need in retirement.

To estimate the taxes you'll pay in retirement, you can grab your Net Effective Tax Rate from the cover page of last year's tax return. Multiply that number, which is likely between 15% and 25%, times the spending number you just calculated. It's not a perfect reflection of what you'll pay in taxes in retirement, but it's a good estimate.

*Option 2:* Use the following formula: **Total income - Savings = Your Spending + Taxes**. In other words, your current total income (which you can find on Line 1 of your 1040) minus the money you set aside for savings (retirement, or long-term savings only) is what you currently spend and pay in taxes.

# Determine your Annual Spending Number (ASN)

## 2. Adjust for your expenses that might change in retirement

Some current expenses will disappear or diminish once you retire. Consider things that might decrease or entirely disappear over time, such as:

- Your mortgage
- Costs associated with supporting your children
- Commuting expenses
- Employer-sponsored 401(k) contributions and other savings

Similarly, you may have new or higher expenses in retirement.

Depending on your retirement age, a common example of a cost that might increase is healthcare. If your or your partner's employer covers part of your insurance, you'll need to plan for covering the full cost of health insurance premiums post-retirement—but only until age 65, as Medicare premiums are relatively low and they are taken directly out of SSI payments. From there, you'll need to plan mainly for out-of-pocket medical expenses.

Other costs that might go up with your newfound time and freedom include:

- Travel (a big one for most of our clients)
- Hobbies
- Leisure and self-care

This is where your definition of thriving matters. What will you prioritize to live the lifestyle you want in your retirement years? Factor that in *now* to make it more of a reality later.

Refine your baseline number you came up with in Step 1 to reflect these adjusted expenses. A popularized number you'll hear amongst many retirement planners is to assume you'll spend 70% of what you did pre-retirement, but it truly is different for everyone. For our clients, in particular, we typically plan for them to spend what they have historically been spending, with subtractions made for retirement savings and additions made for travel budgets and other clear priorities.

# Determine your Annual Spending Number (ASN)

## 3. Build in a buffer

You've lived long enough to know that life is unpredictable. No level of accuracy in Steps 1 and 2 here will cover the unexpected costs that are bound to creep in, like home repairs beyond what you've planned for, family support, or higher medical bills.

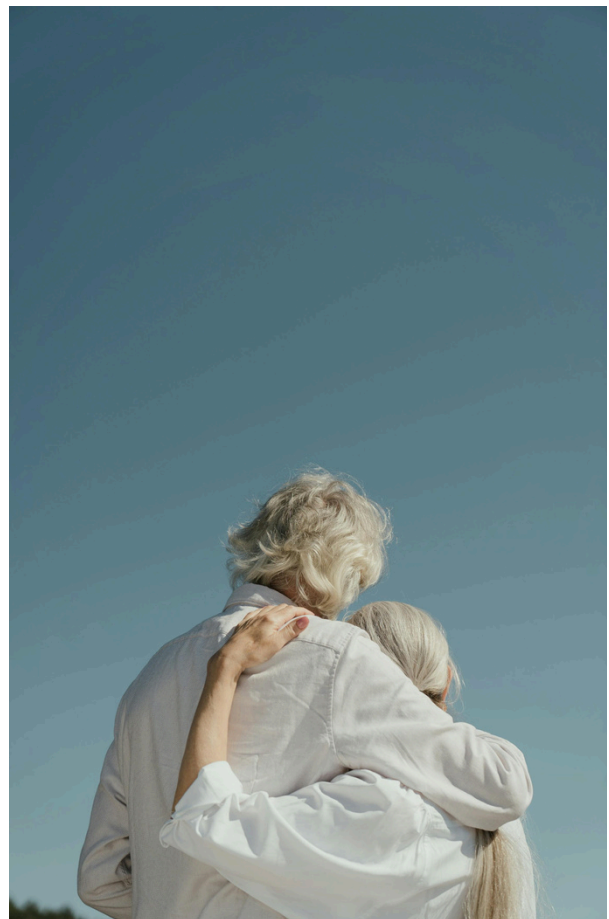
We recommend adding 5-10% on top of your calculated Annual Spending Number as a safety net. So if your ASN is currently \$100,000, you'd adjust it to either \$105,000 or \$110,000. You don't want to be caught short. You *do* want peace of mind. This is where you find it.

## 4. Account for other income in retirement

If you will have guaranteed income sources, incorporate them into your calculation. This includes things like Social Security benefits and pensions—they'll cover part of your spending + taxes so your own savings and investments won't have to cover the full amount.

You might also have investment income, such as from real estate rentals or other business investments that pay you on a periodic basis. Subtract these numbers from your ASN as well.

For instance, if your ASN is \$100,000 per year and you expect about \$30,000 from Social Security, then roughly \$70,000 of annual expenses must be funded by your stock market portfolio (AKA your retirement nest egg).



# Determine your Annual Spending Number (ASN)

## 5. Estimate your required nest egg

Now that you've identified and refined your ASN, you're one step closer to determining how big your retirement fund needs to be to fund the life you want to live.

To get an estimate of what that number is, a simple rule-of-thumb calculation is to multiply your ASN by 25, based on the classic 4% safe withdrawal rule. ( $1/0.04 = 25$ )

So, in other words, for each \$1 of annual spending, plan to have about \$25 saved to confidently fund a 30-year retirement.<sup>1</sup>

What you'll actually need is, of course, based on your individual circumstances and market conditions, but using this general calculation now provides a ballpark goal.

For example, if your ASN is \$70,000 per year (after Social Security and other income), you'd aim for roughly \$1.75 million ( $\$70,000 \times 25$ ) saved by your retirement date.

Again—this provides a loose goal. A few things to consider as you process that number:

- While we're using the classic 4% rule here, some people preach a safe withdrawal rate of 3%.
- If you expect to retire early (before age 59½), a primary challenge is making sure you have enough of your nest egg in after-tax accounts to pay you until you're old enough to distribute penalty-free from IRAs and 401(k)s. If you know early retirement is your goal, or you want to work in other considerations, you might strategize differently or use a different withdrawal rate for your estimated ASN.

Now that you've identified your ASN and your rough nest egg needed, you're one crucial step closer to finding out how close you are to retirement.

That's what we'll do next, using our Retirement Calculator.

<sup>1</sup> Investopedia, [What Is the 4% Rule for Withdrawals in Retirement?](#), 2025

# The Retirement Calculator

**Calculating your ASN is an empowering step—now you know the yearly budget your retirement fund must support. The next step is to see whether you’re on track to meet that goal.**

We’ll do that using our Retirement Calculator.

1. Start by visiting [hendershottwealth.com/retirement-calculator/](https://hendershottwealth.com/retirement-calculator/) or clicking on the image to the right.

2. Enter your inputs:

- Your approximate current retirement savings, including your 401(k) and IRA balances, plus any other savings earmarked for retirement.
- Enter your current monthly contribution across those accounts.
- Enter your current age.
- Enter your ideal retirement age.
- Choose an expected annual growth rate. (We recommend a conservative estimate of 6% if you’re unsure where to begin.)

3. The monthly income you can expect to draw from your portfolio during your retirement (based on your inputs) will calculate on the top right hand side, assuming a 4% annual withdrawal rate.

**Retirement Savings Calculator**

**Current Retirement Savings**  
\$50,000  
This is the total of all your current retirement savings, including your 401(k) and IRA balances plus other savings earmarked for retirement.

**Monthly Contribution**  
\$500  
How much do you add to your retirement accounts every month?

**Your Current Age**  
40

**Age You Plan to Retire**  
67  
If uncertain use age 67 (It's when most people will receive full Social Security)

**Expected Annual Growth Rate on Your Investments**  
6%  
If uncertain, you can use 6%.

**Monthly Income from Your Investment Portfolio During Retirement**  
**\$2,183**  
Estimated monthly retirement income.

**Total Savings at Retirement**  
\$654,910  
Your estimated savings by the time you retire.

**Get Peace of Mind in Your Portfolio Today**  
This is a basic retirement savings calculator, but your reality is more complex. For a more in depth financial planning conversation and calculations unique to your situation, schedule a free, no-obligation call with our team.

Together, we can build a plan for your investments that gives you complete confidence in your retirement.

[Schedule A Call Now](#)

# The Retirement Calculator

## **The question to ask now is simple: How is that number stacking up against your ASN?**

If the calculator shows that your savings can sustain your ASN under these reasonably conservative assumptions, you're likely on the right path.

If not, use this as your sign that it's time to consider adjustments—such as saving more in the coming years, trimming your current or expected expenses, or possibly delaying retirement a bit—to close the gap.

Remember, the goal is to retire with confidence that you can maintain your desired lifestyle without running out of money.

*An important note here:* This is, of course, a static retirement calculator that cannot take into consideration the many changes and iterations life will likely present you with. This is why we offer continuous and more in-depth financial planning—supported by technical software that uses dozens of inputs—for our clients. This allows us to adjust and plan for:

- Economic and stock market cycles,
- Periods of low or no employment,
- Large, one-time expenses,
- New hobbies and lifestyle choices,
- Charitable or family gifts,
- Changes to your marital status,

...and more.

Now, let's talk more about the risks and mistakes you'll want to avoid.

A photograph of three people in a professional setting. A man in a light-colored shirt is on the left, looking towards a woman with long blonde hair in the center who is smiling. Another woman with glasses is on the right, also smiling. They appear to be in a meeting or consultation. The background shows a window with some greenery outside.

## **Before we move on: Do you have additional investments to consider?**

If you have additional investments outside investment accounts, such as real estate or business investments, it's a very valid retirement strategy to sell them and add them to your retirement portfolio to help you reach your ASN.

This move can significantly reduce investment risk in retirement—and working with a tax-forward fiduciary like the team here at Hendershott Wealth can help you both sell those assets and potentially defer the capital gains tax on them.

Want to learn more about how?

**Book a complimentary Discover Meeting today.**

# Real risks (and top mistakes made) in planning for + enjoying your retirement

## Calculating your ASN and using the Retirement Calculator to see if you're on track is a great place to start... but your retirement planning doesn't end there.

To make the most of the nest egg you're working so hard to build, you'll want to be prepared to weather the risks your retirement fund faces, and avoid the common mistakes made in retirement planning and withdrawals. Let's briefly go through a few.

### 1. Inflation

Prices won't remain at their current level between now and the time you retire—a dollar today will likely buy less in the future. Even modest inflation (historically about 2-3% per year) will increase the cost of your retirement lifestyle over time.

For example, an annual budget of \$100,000 today would need to grow to about \$128,000 in 10 years just to have the same purchasing power, assuming a 2.5% inflation rate.

Your portfolio needs to earn enough to keep up with inflation plus cover your withdrawals in both positive and negative stock market years.

If you're 5–15 years away from retirement, project how inflation could bump up your ASN by the time you retire—and plan for it.

(One note: If your mortgage is fixed and you plan to pay it off, that portion of your ASN will not inflate with prices.)



# Real risks (and top mistakes made) in planning for + enjoying your retirement

## 2. Investment & tax missteps

Other common planning errors we've seen unnecessarily erode DIYer's nest eggs include not planning for Required Minimum Distributions (RMDs), not planning for the sale of real estate during retirement, not considering Roth conversions in lower-tax years, and not planning for the Alternative Minimum Tax and other nuances.

Most of our clients have multiple income streams, like 401(k)/IRA withdrawals, Social Security, pensions, taxable investments, and more, so a good portion of the tax-efficient work we do with them includes optimizing the order and timing of withdrawals to mitigate the tax burden they face.

The bottom line: Factor in taxes now so they don't eat into your spending power more than expected. The best way to do this is to work with an advisory team that's got significant knowledge of taxes and works that into your strategy from the start... because when you minimize your taxes, that money you would've paid compounds when it stays in your investment accounts.



# Real risks (and top mistakes made) in planning for + enjoying your retirement



## 3. Healthcare costs

As mentioned when you calculated your ASN, healthcare costs pose a real possibility of going *up* after retirement.

As you age, you'll likely spend more on medical insurance, prescriptions, and possibly long-term care. If you retire before Medicare eligibility (age 65), you'll need to purchase individual health insurance, and even with Medicare, out-of-pocket expenses—premiums, deductibles, copays, dental/vision care, etc.—can add up.

According to Fidelity <sup>1</sup>, a 65-year-old couple retiring today is estimated to need approximately \$330,000 (in today's dollars) set aside in savings just to cover healthcare expenses through an average retirement—and yet only 1 in 5 <sup>2</sup> Americans even consider healthcare costs in their retirement planning.

Don't let medical expenses bite off a huge chunk of your estate unexpectedly. Be sure your ASN includes a realistic allowance for medical costs and consider planning for long-term care (through insurance or savings) as part of your retirement strategy.

It's better to overestimate these costs than to be caught off guard, since health expenses can be unpredictable—and tend to rise faster than general inflation.

<sup>1</sup> Fidelity®, [How much will you spend in retirement?, 2025](#)

<sup>2</sup> Fidelity®, [2025 Retiree Health Care Cost Estimate, a Timely Reminder for All Generations to Begin Planning, 2025](#)

# Real risks (and top mistakes made) in planning for + enjoying your retirement

## 4. Insurance coverage

It's not enough to build wealth—you have to protect it. Good insurance is made to do just that, and, as your wealth and risk profile change, so do your insurance needs.

For example: Once your kids are grown and you've amassed sufficient assets, you may no longer need term life insurance—you might shift your focus to long-term care coverage. If you are 55-65 years of age, you may consider one of the many ways to purchase long-term care insurance (LTCI). And if you don't already have one, you may consider purchasing an umbrella policy. These are usually bundled with your home and auto policies and cost a few hundred dollars a year. We've seen these policies used in enough situations to make them worthwhile.

We find that most investors have purchased multiple life insurance policies, and this is probably a good time to review them. If you no longer have dependents—such as a spouse or children—counting on your earned income to live or pay your mortgage, you may consider canceling the policies and saving yourself the premiums.

Sidenote: If you're keeping your life insurance policies in place, it's advisable to review your beneficiaries every year or so to ensure you're not passing on your insurance money to people you no longer wish to. While you're at it, review the beneficiaries on your investment accounts too. This is something we do with our clients each year.

We'd also be remiss if we didn't mention how many retirees are swayed by the sales language surrounding annuities and other expensive, commissioned insurance products.

Working with a fee-only fiduciary who doesn't work on commission and is legally obligated to act in your best interest is the optimal way to make sure you're only paying for the insurance you need.

# Real risks (and top mistakes made) in planning for + enjoying your retirement

## 5. Sequence of returns risk

Sequence of returns risk is the danger that a market downturn early in your retirement erodes your nest egg's longevity.

In simple terms, withdrawals during a bear market will cost you more in the long run than the same withdrawals in a bull market.

What this means for you: The order of investment returns matters once you start withdrawing money from your retirement funds. A lot.

Consider two new retirees, each starting with a \$1 million portfolio and planning to withdraw \$50,000/year (rising 2%/yr to account for inflation). Both experience identical 6% average annual returns over their first five years of retirement—that is, the market earns a total of 33.8% over five years—but they achieve those identical returns in *opposite order*:

### Retiree A retires during a bull market:

In retirement year 1, she earns 35%  
In retirement year 2, she earns 20%  
In retirement year 3, she earns 0.75%  
In retirement year 4, she earns 0%  
In retirement year 5, she loses -18%

After 5 years, Retiree's A portfolio holds strong at **\$1,090,019**

### Retiree B retires during a bear market:

In retirement year 1, she loses -18%  
In retirement year 2, she earns 0%  
In retirement year 3, she earns 0.75%  
In retirement year 4, she earns 20%  
In retirement year 5, she earns 35%

After 5 years, Retiree's B portfolio has diminished to **\$944,279**

Even though the market eventually recovered for Retiree B, the ill-timed slump early on cost her over \$145,000, which translates into a 15.4% lower sustainable retirement income. If Retiree B doesn't cut spending and this return pattern repeats, her \$1 million nest egg will be gone in less than 25 years. Retiree A, on the other hand, could sustain her retirement spending indefinitely.

# Real risks (and top mistakes made) in planning for + enjoying your retirement

Sequence of returns risk means that your retirement depends not just on your average investment return, but when those returns happen. And here's the thing: Typically, if you're suffering a bear market in the first years of your retirement, your actions become a gametime decision.

Sometimes that looks like going back to work; sometimes it looks like delaying travel. If you're a client of our firm, we'll work closely with you to manage spending and withdrawals, provide alternate scenario modeling, and support you to make the best decision in the moment.

You can't predict the markets, but you can be smart about securing a portion of your retirement fund in more conservative assets, adjusting your withdrawal rate, over-saving (building in an even greater buffer), or drawing from specific assets when markets are down.

## 6. Longevity + the income gap

Humans are living longer than ever, and hand-in-hand with the joy of living longer comes the puzzle of how to pay for those lives—especially for women.

With life expectancy on the rise, you might need to fund a 30+ year retirement depending on when you choose to stop working, and it's far better to have money left over in your 90s than to come up short.

Women need to pay extra attention here, because on average, women in the United States are living 5.3 years longer than their male counterparts<sup>1</sup>—meaning they'll typically face a longer retirement period that their savings must cover.

And yet as of 2024, women aged 50 and older had a median total wealth of \$165,691 in total wealth compared to \$213,948 for men<sup>2</sup>. It's not a huge surprise: On average, as of 2024, women earned an average of 85% of what men earned<sup>3</sup>. Lower lifetime earnings mean women have less capacity to save and contribute to retirement funds over their careers.

<sup>1</sup> [NCHS Mortality in the United States, 2023](#)

<sup>2</sup> [U.S. DOL, Older women's wealth, Still coming up short, 2024](#)

<sup>3</sup> [Pew Research Center, Gender pay gap in U.S. has narrowed slightly over 2 decades, 2024](#)

# Real risks (and top mistakes made) in planning for + enjoying your retirement

Women are also more likely to take career breaks or work part-time (often for caregiving), further reducing lifetime income and employer-based retirement benefits. And the trend carries on: Because benefits are based on earnings history, women tend to receive smaller Social Security checks in retirement.

We're not here to rain on any parades—we know women are more than capable of funding retirement nest eggs that far outlive them, and we help our clients do just that.

In fact, longevity risk is a major reason we, at HWM, prefer a "capital preservation model" where we plan for our clients to spend only the earnings from their nest eggs, leaving the principal intact. Many of our retired clients actually see their initial investment grow—even when they are retired and paying themselves from it! (This is in contrast to a "capital utilization model" where you decide ahead of time how long your life span is and plan to spend down your assets over time... longevity makes the latter plan very risky.)

The key is to be realistic about your longevity so you don't underestimate the savings needed. By recognizing the statistics and proactively closing savings gaps, securing lifetime income, and planning for late-life healthcare needs, women can turn longevity from a risk into an opportunity—an opportunity to live a financially secure and fulfilling life well into their later decades.



# Real risks (and top mistakes made) in planning for + enjoying your retirement

## 7. Taking a “set it and forget it” approach

This one's pretty straightforward, but not to be overlooked.

As your retirement nears, your asset allocation and strategy should evolve to match your goals and risk tolerance.

Common mistakes here include:

- Taking your portfolio to a very conservative investment model years before you retire, thus removing your exposure to stocks and the higher relative returns they offer over time (and what could be a very long retirement!),
- Conversely, being too aggressive and having too much of your portfolio in stocks, therefore subjecting you to lower lows during market cycles and a portfolio that cannot afford to pay you what you need to live on and regrow as the market recovers, and
- Counting on outside investments that may have been paying you consistently during your saving and investing years but are not, in fact, guaranteed. (Even that rental house that's had renters in it for two decades can suffer vacancies or damages that can devastate your financial plans.)

The key is to allocate based on your objectives, which change over time: Are you aiming to preserve wealth for yourself and your heirs, or still trying to aggressively grow it? In either case, not rebalancing or reallocating can be detrimental to achieving those objectives.

While we regularly review our clients' portfolio performance throughout the year, we also meet with them at least annually for a Wealth & Well-Being Strategy Session to review their goals and allocations, and make sure we're aligning actions with the outcomes they desire.

# Your Next Steps: Retirement planning isn't one-size-fits-all

## **...and you don't have to go it alone.**

If it feels like we spent a lot of time covering the risks and mistakes in retirement planning... we did. And it's only a fraction of the risk and mistakes we help our clients avoid. And here's why:

When you've built real wealth, your financial life becomes more complex. That means the risks—and the opportunities—are bigger. And while you might have the resources to retire comfortably, you may not get peace of mind by going it alone.

High-net-worth investors face a unique set of questions that calculators and conventional advice simply can't answer:

- What risks exist in my life that I'm not aware of?
- How do I keep up with new tax codes and regulations that impact me?
- When should I convert to a Roth—and how do I time it right?
- On what schedule do I need to distribute the balance of my Inherited IRA?
- Should I shift my asset allocation as I near retirement? And what should I shift it to?
- How can I structure withdrawals to minimize my lifetime tax bill and therefore maximize my wealth?
- How do I fund my retirement *and* preserve my legacy?

These are the kinds of questions we help our clients answer every day. And the cost of getting it wrong can be high.

According to Vanguard<sup>1</sup>, inadequate tax and wealth planning can reduce an investor's returns by as much as 3% per year—meaning even a well-built portfolio could underperform simply because there were strategies available to them that they weren't aware of or there were actions they should have taken that they didn't. And in a recent survey by Lincoln Financial<sup>2</sup>, 62% of retirees said they wish they could go back and plan differently.

<sup>1</sup> Vanguard®, [Putting a value on your value: Quantifying Vanguard Adviser's Alpha, 2020](#)

<sup>2</sup> Lincoln Financial®, [Retirees' advice and regrets for retirement planning, 2023](#)

# Your Next Steps: Retirement planning isn't one-size-fits-all

That won't be your story, because you're here.

We want your retirement to reflect the hard work, care, and intentionality you've already shown in your career and financial life. That starts by building a truly personalized plan—not just to reach your retirement number, but to *spend* your wealth wisely, avoid common pitfalls, and support the life and legacy you envision.

## **It's time to plan—for real**

Calculating your rough Annual Spending Number and using our Retirement Calculator is a great starting point. But to make it actionable, you need a tax-aware strategy, a smart drawdown plan, and an advisory team that will help you pivot as life (and markets) evolve.

At Hendershott Wealth Management®, we specialize in Ultra Tax Efficient Wealth Management®: a proprietary approach that integrates strategic investing, tax minimization, and long-term financial planning to help your retirement portfolio go further.

Our clients count on us for more than asset management. They rely on us to:

- Navigate critical tax decisions year by year
- Adjust investment allocations with market and life changes
- Optimize cash flow without sacrificing future security—including when to claim social security benefits
- Coordinate estate planning, insurance, charitable giving, and legacy goals

And we do it all as a fiduciary, with your best interests at the core.



Your next step: A personalized retirement strategy call

Whether you're 5, 15, or 25 years out from retirement, if you're wondering if your current strategy is enough and want to explore what it would be like to plan and execute your retirement with advisors you trust in your corner—let's talk.

Schedule your complimentary Discover Meeting with one of our lead advisors. We'll run your numbers through our proprietary planning framework, answer your biggest questions, and help you get clear on what it will take to retire with confidence.

We can't wait to meet you.

[Get Started Today!](#)

# Pre-retirement checklists: 25, 15, and 5 years out

**Planning for retirement isn't just about what you do—it's about when you do it.**

The earlier you start making smart moves, the more flexibility and peace of mind you'll have later. That's why we've created three stage-based checklists to help you focus on the right decisions at the right time.

Whether you're just starting to think about retirement or it's right around the corner, these checklists will guide you through what matters most at each stage—so you can retire with clarity, confidence, and control.

# Designing Your Future: Purposeful Steps to Take 25 Years from Retirement

## *Moves to make now to plan your retirement with precision*

**Define your retirement vision:** What do you want your retirement lifestyle to look like (day-to-day activities, hobbies, etc.)? Where will you live (higher or lower cost of living area, out of the country, alternative housing)? When do you want to stop working?

**Identify a set of “non-negotiables” or must haves:** Determine what parts of your retirement vision are top priority—is it flexibility, travel, spending time with family, or something else?

**Develop a target savings rate based on your Annual Spending Number: Assess how much you have saved so far:** Are you on track for retirement by your desired retirement age? What percentage of your income should you be saving to stay on track or get back on track?

**Maximize retirement savings:** Contribute aggressively to your employer-offered retirement plan (401(k), 457(b), 403(b), etc.), IRA, Roth IRA, and/or HSA. Aim to increase contributions to your retirement savings as your income rises to minimize lifestyle creep. Once you’ve maxed out your employer-offered retirement plans, start layering in contributions to taxable accounts such as an individual brokerage or trust accounts.

**Prepare for financial curveballs:** Maintain a high yield savings account with 3-6 months’ living expenses to ensure you are prepared for life’s expected curveballs—they aren’t emergencies—and your savings plans won’t be thrown off course.

**Understand your tax bracket:** In order to strategize a mix of pre-tax and post-tax retirement account contributions, consult with a trusted tax preparer or your financial advisor. Establish a habit of reviewing your taxes outside of normal tax prep season.

**Identify your potential streams of retirement income:** Pension, 401(k) or other employer sponsored retirement plan distributions, Social Security, business income, rental income, etc. Know where your retirement paychecks will be coming from.

## **Designing Your Future: Purposeful Steps to Take 25 Years from Retirement**

### ***Moves to make now to plan your retirement with precision***

**Start tracking your net worth continuously:** For some, this can look like using a spreadsheet or tracking all of your data in an app/software. The goal here is to have an overview of where you stand and, if necessary, start planning how you will eliminate debt before retirement. Implementing automation for cash flow now can benefit you in the long term when it's time to pay yourself in retirement.

**Review, document, and be vigilant about your investment strategy and its execution:** Ensure your portfolio reflects your long-term growth timeline and risk tolerance. Your investment selection should be evidence-based, low-cost, and globally diversified. Be sure to manage investments in your 401(k) or other employer-sponsored account and held away accounts.

**Aggregate your nest egg in one place:** Perhaps it's hard to believe, but it is possible to forget about or "lose" investment accounts. If you don't yet have a financial advisor to do this for you, choose a well-known brokerage such as Fidelity, Vanguard, or Charles Schwab and move your investment accounts (outside of your employer retirement account) there. You do not need to worry about keeping these accounts below FDIC insurance levels—that limitation exists only in retail bank accounts. When you change jobs, make sure to roll your 401(k) into an IRA at that brokerage. You'll have more investment options and control over costs that way.

**Evaluate job benefits:** Understand your stock options, pensions, and long-term incentive plans. Make note of any vesting terms, eligibility requirements, and age restrictions that will need to be planned for.

**Consider professional financial planning:** A long timeline gives your advisor more time to optimize compounding, asset location, and tax efficiency.

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**Ensure appropriate insurance coverage is in place:** These include property & casualty (home, auto, renters, umbrella, etc.), health, disability, and life insurance. Determine your need for income replacement (mortgage, minor children, education needs, non-working spouse, business continuation, etc.). When does your current coverage end? Are you prepared to self-insure when that time comes or would you need additional coverage? What would the cost of that coverage be?

**Manage your estate planning:** Everyone needs a will, healthcare directive, and durable power of attorney (POA). If you do not wish for your taxable accounts—including bank checking and savings and any brokerage investment accounts—to be subjected to probate before they are transferred to your heirs, name beneficiaries or title them with Transfer on Death instructions. Consider if a Revocable Living Trust is appropriate for yourself and your family. If so, work with an attorney in your state of residence to draft it. If you have accounts with named beneficiaries, check annually to make sure they are still aligned with your wishes.

## Designing Your Future: Purposeful Steps to Take 15 Years from Retirement

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**Reassess your retirement age and income needs:** Is 65 still the goal, or is earlier/later retirement possible? Have you had significant life changes (job loss, relocation, marriage or divorce, children, extended family)? Have your spending habits changed significantly? Have you received an inheritance or large payout of company stock you weren't previously planning to receive? Consider how that all impacts your retirement age.

**Identify a set of “non-negotiables” or must haves:** Determine what parts of your retirement vision are top priority—is it flexibility, travel, spending time with family, or something else? (If you've done this before, make sure your non-negotiables are still aligned with your vision.)

**Maximize retirement savings:** Contribute aggressively to your employer-offered retirement plan (401(k), 457(b), 403(b), etc.), IRA, Roth IRA, and/or HSA, and any available tax-advantaged accounts. Aim to increase contributions to your retirement accounts as your income rises to minimize lifestyle creep. Once you've maxed out your employer-offered retirement plans, contribute to taxable accounts to maintain tax diversification and continue to increase your retirement nest egg.

**Estimate your Annual Spending Number (again):** Based on your lifestyle now, how does your ASN change? Project that amount into retirement. Don't plan on reducing your expenses in retirement.

**Prepare for financial curveballs:** Maintain a high yield savings account with 3-6 months' living expenses to ensure you are prepared for life's expected curveballs—they aren't emergencies—and your savings plans won't be thrown off course.

**Review and rebalance your portfolio:** Is it still aligned with your time horizon, ASN, and goals? Do you need to increase your savings rates?

**Model long-term income needs:** Include inflation adjustments.

## **Designing Your Future: Purposeful Steps to Take 15 Years from Retirement**

### ***Moves to make now to plan your retirement with precision***

**Optimize taxable, tax-deferred, and Roth account balances:** Having an appropriate mix of pre-tax and post-tax income sources allows you to have better control of your taxes in retirement.

**Ensure appropriate insurance coverage is in place:** These include property & casualty (home, auto, renters, umbrella, etc.), health, disability, and life insurance. Determine your current need for income replacement (mortgage, minor children, education needs, non-working spouse, business continuation, etc.). When does your current coverage end? Are you prepared to self-insure when that time comes or would you need additional coverage? What would the cost of that coverage be?

**Ensure you have the appropriate team of professionals to support your plan:** Professional tax preparers, Estate Planning Attorneys, and Financial Advisors are valuable resources to support you toward your long-term goals. Work with your advisor on milestone tracking for accountability as retirement gets closer.

**Evaluate long-term care planning:** Look into hybrid or standalone long-term care insurance policies—if you are approaching 55-65 years of age, you may be in the sweet spot to consider whether it makes sense to purchase long-term care insurance.

**Analyze healthcare options for pre-65 years:** If early retirement is on the table, plan for filling the health insurance gap before Medicare coverage kicks in. Review current healthcare expenses (doctor's visits, prescriptions, etc.) on an ongoing basis. You will need to look at coverage available through your spouse's plan, marketplace or independent insurance coverage if you plan to retire before 65.

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**Model different Social Security claiming scenarios:** Review your Social Security statement for accuracy and future payment details. Look at the percentage of your ASN that will be covered by Social Security checks.

**Review your Estate Plan:** Start organizing financial documents and maintaining a master list of assets. Ensure your will, powers of attorney, and health care directives are up to date. Do you need a Revocable Living Trust? For accounts with named beneficiaries, check annually to make sure they are still aligned with your wishes. Consider sharing these plans or copies of these documents with your loved ones who may be named in the documents or who may be facilitating your plan when you're no longer able to.

## Designing Your Future: Purposeful Steps to Take 5 Years from Retirement

### *Moves to make now to plan your retirement with precision*

**Revisit the group of professionals that support you:** Consider whether you have the financial professionals you need in place—such as a fiduciary financial advisor, a trusted tax preparer, or an estate planning attorney—so each part of your financial life is well supported.

**Set a target retirement date—and test it:** Run your numbers with your financial advisor using expected market returns, ASN, and inflation. Finalize retirement lifestyle plans such as proximity to family, travel plans, and your other non-negotiables—and clarify costs for making them a reality.

**Create a healthcare coverage plan for retirement:** Especially if you'll retire before Medicare eligibility at 65. If you'll be retiring at age 65, plan for Medicare premiums and/or supplemental coverage. You have a 7-month Medicare enrollment window: 3 months before you turn 65, the month you turn 65, and 3 months after your birthday. Don't miss it!

**Begin liquidity planning:** Work with your advisor to ensure you have the appropriate cash and bond allocations in your portfolio to maximize retirement income potential. Things to consider: Is your portfolio diversified and built to ensure peace of mind during inevitable market volatility? Is it built with longevity in mind? If you're managing your own investment strategy, it may be appropriate for you to begin shifting a portion of your asset allocation, capital preservation, and income generation by adding bonds and/or dividend paying investments. Verify that your portfolio is aligned with your current retirement goals and time horizon and structured to last through your retirement years

# Designing Your Future: Purposeful Steps to Take 5 Years from Retirement

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**Review retirement income sources:** Use the government [Social Security portal](#) to review your expected payment amounts. Confirm they're accurate and in line with previous projections. Similarly, review statements of benefit from any pensions you may have earned or received over your working years. Confirm the estimates align with your expectations. It's also helpful to create your own [cashflow automation system](#) for money movement to your checking and savings accounts. (that link takes you to our guide to automating your finances—our clients love and appreciate both the guide & the benefits of automating, we hope you do, too!)

**Stress-test your retirement plan:** Work with your financial advisor to model bear markets, inflation spikes, longevity, and unexpected costs. A good retirement plan is flexible and can be adjusted as life and markets evolve. If you are married, what would the effects of a premature death or long term care need be?

**Revisit your estate plan and beneficiaries:** Ensure your estate planning documents are current and—for accounts with named beneficiaries—verify they are still aligned with your wishes. Your designated agents (Power of Attorney, healthcare proxy, executor, and Trustee) should have a copy of your estate plans easily accessible.

**Consider your charitable giving strategies and legacy plans:** Now that you have documented your estate plans, is charitable giving part of that or are you considering intergenerational wealth transfers? If so, work with your financial advisor to maximize the impact your wealth can have on charities and future generations. Your financial advisor may recommend tax-saving strategies like Donor Advised Funds (DAFs), Charitable Trusts or gifting appreciated assets, and help you determine the effects this would have on your cash flow or retirement planning.

**Prepare for financial curveballs:** Maintain a high yield savings account with 3-6 months' living expenses to ensure you are prepared for life's expected curveballs—they aren't emergencies—and your savings plans won't be thrown off course.

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**Ensure appropriate insurance coverage is in place:** These include property & casualty (home, auto, renters, umbrella, etc.), health, disability, and life insurance. Determine your current need for income replacement: Is the mortgage close to being paid off? Any relatives that are financially dependent on you still? Caring for aging parents? Know when your current coverage ends. Are you prepared to self-insure when that time comes? If you are approaching 55-65 years of age, you may be in the sweet spot to consider whether it makes sense to purchase long-term care insurance—look into hybrid or standalone long-term care coverage.

**Begin gently preparing for the transition into retirement:** Consider what brings you meaning, inspiration, and joy—and how those things might become part of your daily rhythm once you're no longer working full time. Will you phase out by working part time, volunteer, stay engaged in your community, or explore new interests? How will you remain active and connected? Retirement can carry an emotional adjustment as well; many people feel a shift in identity or purpose. Strong social connections, meaningful activities, and a sense of contribution can make this transition far smoother and more fulfilling.

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*We see a world where people are thriving and financial freedom is everywhere.*

*We see communities of people who continuously contribute to each other's wealth and empowerment and experience appreciation and gratitude.*

*We promise our clients will experience optimism, confidence, freedom of choice, and peace of mind about their financial future.*

## Ready to take the next step?

Schedule a call

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