Doing quick estimates of how much money you’ll need for retirement can help inspire you to put more money into your savings. But estimates that use standard assumptions won’t necessarily be realistic for your individual situation. A close look at your plans and resources may deliver more reliable results.

Lifestyle
How much do you expect your lifestyle to change after you retire, and how will that affect your cost of living? If you become a frequent traveler, for example, you’ll probably spend much more than someone who stays close to home most of the time. If you move to a new area or buy a second home, your cost of living could increase — or decrease if you downsize. You might also have plans for a full- or part-time business that will require drawing on your retirement assets.

Timetable
What is your target retirement age? Your answer can greatly affect the amount of retirement funds you will need. If your timetable calls for retiring at age 62 or earlier, for example, you might have to depend on your financial resources for much longer than you would if you continued working into your late sixties.

Using life expectancy statistics can be helpful when you are projecting your income needs. For example, according to the National Center for Health Statistics, an individual who reaches age 65 has a statistical life expectancy of 19-plus more years. But differences in health habits, family history, lifestyle, and other factors have an influence on longevity. The possibility that your life may continue for decades after you retire makes it essential that you plan for a level of income that will last as long as you do.

Future Income
Besides Social Security, where will your retirement income come from? You may have an employer’s pension plan, tax-deferred savings, and/or taxable investments and savings to draw on. Find out how much income you can expect from all such sources and when it will become available.

Headroom for Extras
Will you have enough retirement income? Start with your current expenses. List them all, category by category, and adjust any amounts, such as transportation, taxes, and clothing, that you expect to change when you retire. Make sure you include a generous allowance for future medical care. Last, subtract your total projected retirement living costs from the income you anticipate. The difference will tell you how much — or how little — headroom you may have to handle any extra costs for the retirement lifestyle you desire.
Retire to a Smaller Tax Bill

If you were choosing a place to retire, what would be most important to you? Climate? Family proximity? Cultural and recreational activities?

How about taxes? They could have a big impact on your nest egg. So you might want to factor them in when you're deciding where to spend your retirement.

Income Tax — Less Is More
The day of reckoning is at hand when you begin taking taxable distributions from your tax-advantaged retirement accounts. You'll owe federal, and possibly state, income taxes on the taxable amounts you withdraw. Many states allow people to exclude part of their retirement income, but state policies vary.

You may be able to reduce the tax bite by retiring in a state with low or no state income tax. However, only a handful of states have no broad-based state income tax.

And tax rates vary even among states that do have an income tax.

Don't Forget Property Taxes
State income taxes aren't the only tax burden to consider. For homeowners, local real property taxes may be as much or more of an issue. Even renters may be impacted by rising property taxes, since landlords are likely to pass along any increases in the form of higher rent. Whether you're moving or staying put, make sure you factor property taxes into your decision.

Other Taxes Count, Too
Sales taxes vary not only from state to state but from county to county and, sometimes, city to city. Over time, sales taxes can add significantly to the cost of living in a particular area. And, if you plan to leave a large estate to your heirs, state estate taxes may be a significant factor to consider.

PAPERLESS STATEMENTS
Beginning September 30, 2017, your quarterly statements will be paperless. To continue receiving paper statements, call 866.305.8846 (enter plan code 524) and ask that your account be coded to paper.

Account Access
Voice Response System: 1-800-828-4224
Online: www.usicg.com

If you are enrolled in a 457 plan other than the Knox County Voluntary 457 Plan, please contact your Plan Provider for your contributions and account balance.

Note: All 457 matches are deposited into your 401(a) Plan.

Securities offered to the Plan through USI Securities, Inc. Member FINRA/SIPC.
95 Glastonbury Blvd., Glastonbury, CT 06033 (860) 652-3239 USI Securities, Inc. is a wholly owned subsidiary of USI Consulting Group.

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