WELLS FARGO Advisors

Planning as you near retirement

As retirement years get closer, your fifties and sixties are a critical time to think about when you want to retire and how much income you will need in retirement. Much of your retirement income will come from your personal savings because of fewer pensions and other sources of reliable income. That is why now is the time to continue to stay focused on maximizing your retirement savings while also looking ahead to develop a retirement income plan which supports your vision of retirement.

A retirement income plan can help answer the following:

- How can I make the most of my retirement?
- What will take the place of my paycheck?
- How do I plan/prepare for unexpected events (health, market fluctuations, others)?

Maximize your retirement savings

If you are age 50 or older, you are eligible to make additional or "catch-up" contributions to retirement savings accounts. A catch-up contribution is an elective deferral to a qualified employer-sponsored retirement plan (QRP), such as a 401(k), 403(b), or governmental 457(b), that is made by a participant age 50 or older that exceeds a statutory limit, a plan-imposed limit, or the actual deferral percentage test limit for highly compensated employees. Visit irs.gov for more information.

- If you are not already doing so, think about contributing up to the maximum amount plus an additional "catch-up" amount per year to your QRP. If you are not able to do this, try to contribute at least as much as the employer match, otherwise you are leaving money on the table.
- Consider contributing to an IRA in addition to your QRP. If you are age 50 or older, you can contribute an extra $1,000 "catch-up" contribution.
- Avoid taking loans or early distributions from your QRP.

Important retirement decision points after age 50

Age 50
Eligible to make catch-up contributions to IRAs and QRPs

Age 55
If you leave your employer in the year you turn 55 or older, you can take distributions from that plan with no 10% IRS additional tax for early distributions (10% additional tax)[1]

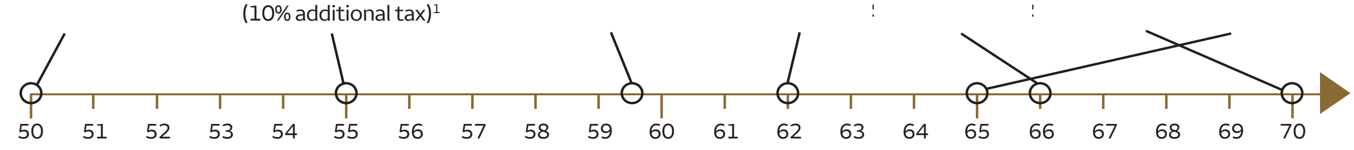
Age 59½
Can distribute IRA and QRP assets without the IRS 10% additional tax

Age 62 – 70
Partial Social Security **benefit** eligibility

Full Social Security **benefit** eligibility[2]

Maximum Social Security **benefit** eligibility

Age 65
Medicare **benefit** eligibility



1. Age 50 or older for certain public safety employees taking distributions from governmental defined benefit pension or governmental defined contribution plans.
2. Full Social Security benefits begin at age 66 for those born from 1943 – 1954. For those born 1955 – 1959, they begin at age 66 plus a varying number of months. For those born in 1960 or later, they begin at age 67.

Source: https://www.ssa.gov/benefits/retirement/

- If you leave your employer in the year you turn age 55 or older, you can take distributions from that plan and avoid the IRS 10% additional tax on early distributions.
- Once you reach age 59½, you can take distributions from your QRP or IRA without the 10% additional tax.

Develop a retirement income plan

Wells Fargo Advisors can help you plan your retirement income with our LifeSync® experience. Every retirement is different, and yours will be uniquely yours alone. We can help you clarify your retirement journey by discovering what matters most to you and putting together a plan to help you achieve it. Because your retirement isn't your last stop; it's just the first chapter in a brand-new story of your life.

Your advisor can help you define your retirement with our LifeSync experience. LifeSync provides an approach to advice and planning that continuously syncs your financial objectives with your personal aspirations and values throughout the many moments in your life — including your retirement.

Manage your debt with retirement in mind

Start mapping out your income and expenses, creating a comfortable balance that leaves you the flexibility to enjoy life with only the amount of debt you truly need.

- Consider the pros and cons of paying off your mortgage before you retire. Doing so may eliminate a major monthly expense, but you need to balance that against any tax benefit you might be giving up.
- Effective use of debit and credit cards can help you monitor your expenses and might also offer the advantages of reward programs.
- Before you borrow, carefully analyze the impact any major purchases may have on your cash flow.

Beneficiary designations on any IRAs, QRPs, annuities, and life insurance policies supersede any instructions in your Last Will and Testament or trust, so be sure they are up-to-date.

Consider a Roth conversion[3]

A Roth IRA conversion occurs when you take savings from a Traditional, SEP, SIMPLE IRA, or an eligible distribution from your QRP and move them to a Roth IRA. It is important to remember that you must have a triggering event, such as separation of service, to be eligible to make distributions from your QRP. You will generally owe tax, but not the 10% additional tax, in the year converted. The benefits of tax-free distributions in retirement may justify the conversion and allow for more flexibility to manage taxable income in retirement. A Roth distribution will not increase your adjusted gross income, which may be important for Social Security taxation. Talk to your tax advisor to discuss your specific situation before you convert and consider the following:

- Your expected tax bracket in retirement
- Availability of funds to pay taxes due on the conversion
- Your time horizon

Protect your retirement income — and legacy

Insurance can become a valuable income and estate planning tool as you approach retirement.[4] Consider helping protect your future retirement income through products such as annuities and life insurance.

- Life insurance can help replace pension or Social Security income in the event you outlive your spouse or partner.
- If you have specific legacy goals or are concerned about estate taxes, life insurance can be used to create an inheritance or help meet estate tax obligations.

3. A Roth IRA conversion is not suitable for all investors. Qualified Roth IRA distributions are not subject to state and local taxation in most states. Qualified Roth IRA distributions are also federally tax-free provided a Roth IRA has been open for more than five years and the owner has reached age 59½ or disabled, or using the first-time homebuyer exception or or taken by their beneficiaries due to their death. Distributions may be subject to a 10% additional tax if taken prior to age 59½.
4. Insurance products are offered through non-bank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies.

- Look into long-term care insurance — the younger you are, the less expensive it is. Long-term care insurance can help meet expenses that could deplete your assets in the case of an extended illness.
- Meet with your financial advisor to update any beneficiary designations and discuss ways you can maximize your retirement savings, through your lifetime and your family's lifetime.
- If you are a small business owner, review business agreements and transfer plans.

With you every step of the way

Everyone has a different vision of retirement that requires a unique financial strategy. Wells Fargo Advisors can support you in your retirement planning process by providing the guidance needed to make informed choices. We will meet with you and help create a comprehensive plan that takes into account your complete financial picture. Your financial advisor will be with you every step of the way to help you review your progress and adapt your plan as needed. Working together, we'll design and implement an investment plan that can help you live out your unique vision of retirement.