



Claire Walmer, CFP®

Your Practice

Get organized for retirement planning

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Collecting and organizing your personal financial information is the first step in retirement planning. The following is a list of the documents you may or may not receive throughout your working years. Create a file for each of the following categories and you will not only tame the paper tiger, but you will have the information you need to build a successful retirement plan.

Financial Statements

A financial statement—completed and updated on an annual basis—is essential to planning for retirement, as well as for estate planning purposes. A financial statement lists all of your assets and liabilities.

Assets

You should be receiving and filing an annual statement for the following type of accounts:

401(k)

A 401(k) is a retirement plan that allows employees to save and invest for their own retirement. As an employee, you authorize your employer to withhold a percentage or dollar amount from your paycheck. Most employees choose to have their

401(k) contribution withheld before taxes are calculated. However, some company retirement plans have also added the Roth 401(k), which allows an employee to withhold employee contributions after tax. The Roth 401(k) is a fairly new feature that became permanent with the passing of the Pension Protection Act in August 2006.

Your 401(k) money is then invested in the investment options that you choose, which are offered by your employer's retirement plan. Some retirement plans match the employees' contributions. The best resource you have to learn more about your company's retirement plan is the Summary Plan Description, which you should have received when you became eligible for the retirement plan.

403(b)

A 403(b) retirement plan also allows employees to save and invest for their own retirement. Public education organizations commonly use 403(b) retirement plans.

Pension

Typically, the employee and the employer fund this type of retirement plan. Upon retirement, the pension typically makes a fixed amount of payments for period of time.

Individual Retirement Accounts (IRAs)

There are several types of IRAs; however, the most common are traditional IRAs and Roth IRAs. With a traditional IRA, contributions may be tax deductible and transactions

within the IRA have no tax impact. However, when you withdraw funds before or after the age of 59½ they are taxed at ordinary income tax rates. With a Roth IRA, contributions are made with after-tax dollars and transactions made within the IRA have no tax impact. Withdrawals made from the Roth IRA are usually tax free.

Other Assets

Taxable accounts also appear in the assets column of your financial statement. These accounts include

- Brokerage
- Savings
- Money markets

All real estate, including the value of your home and vacation home, if applicable, should appear in the assets section of your financial statement.

Liabilities

Keep track of the outstanding balance, monthly payment, and interest rate for any outstanding liabilities you have, including

- Mortgages
- Car loans
- Credit cards

Cash Flow Statement

A record of your monthly and annual expenses is helpful to predict how much you will need in retirement. Software programs are also available to help track expenses.

Income Tax Forms, Social Security

When gathering your documents, be

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sure to include copies of completed income tax forms. Also include your Social Security benefits statement, if you are eligible. The annual statement typically arrives 3 months before your birthday. If you are not receiving a statement, you can request one on-line at www.ssa.gov/mystatement or you can call the Social Security Administration at 800.772.1213. Upon receipt of the statement, verify that the information is correct. If you find a discrepancy, contact the Social Security Administration immediately.

Conclusion

Collecting all the information you need for retirement planning can seem like an overwhelming task. You can make the job more manageable by creating—and maintaining—a filing system for your personal financial records. A Certified Financial Planner can assist you with this task.

Wisconsin Medical Journal

The mission of the *Wisconsin Medical Journal* is to provide a vehicle for professional communication and continuing education of Wisconsin physicians.

The *Wisconsin Medical Journal* (ISSN 1098-1861) is the official publication of the Wisconsin Medical Society and is devoted to the interests of the medical profession and health care in Wisconsin. The managing editor is responsible for overseeing the production, business operation and contents of the *Wisconsin Medical Journal*. The editorial board, chaired by the medical editor, solicits and peer reviews all scientific articles; it does not screen public health, socioeconomic or organizational articles. Although letters to the editor are reviewed by the medical editor, all signed expressions of opinion belong to the author(s) for which neither the *Wisconsin Medical Journal* nor the Society take responsibility. The *Wisconsin Medical Journal* is indexed in Index Medicus, Hospital Literature Index and Cambridge Scientific Abstracts.

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