Morgan Stanley

10 Questions to Ask a Financial Advisor About Your Retirement

Knowing what questions to ask can be key to helping you prepare for the future. We'll help you get started.

One of the best ways to help prepare for your future retirement is to partner with a Financial Advisor who can provide education and guidance. Have questions about what that looks like? **Here are a few ideas to help you get started.**

Q What is a Financial Advisor?

A A Financial Advisor is a trusted professional dedicated to helping you manage and grow your personal wealth. At Morgan Stanley Virtual Advisor, that means having someone you can turn to for education and guidance, so you can build your future, together.

Q What can a Financial Advisor do to help me better prepare for retirement?

A A Financial Advisor may provide education and guidance on money matters that are important to you. Together, you can map out a strategy that helps you achieve your goals and the retirement you envision.

Q I already have a 401(k). Why should I consider additional guidance?

A A retirement readiness strategy can involve much more than just your 401(k). Guidance from a Financial Advisor can help you check that your 401(k) approach aligns with your overall retirement goals—plus explore strategies that may help with your plan for retirement.

Getting Started

Ready to take the next step, but not sure what questions to ask? Here are some conversation starters. Of course, a Financial Advisor can provide more education and guidance that takes into account your unique financial situation, your evolving needs, and most of all, your retirement goals.

1. When should I start retirement planning, and how can I get started?
2. Should I consider participating in my company's 401(k) plan?
3. My workplace doesn't offer a retirement plan. What are my options for saving for retirement?
4. What else can I do to prepare for retirement if I already have a 401(k)?
5. I have other financial needs and goals I'm planning for sooner. Is there a way to help balance these competing priorities with retirement planning?
6. How much should I try to have saved for retirement?
7. What key costs may I encounter after retirement?
8. Are there tax considerations for retirement?
9. What if I outlive my retirement savings?
10. Can my equity compensation play a role in my retirement planning?

1 When should I start retirement planning, and how can I get started?

Ideally, it's a good idea to start retirement planning as early as possible, even in your 20s or 30s. The earlier you begin, the more time your investments have to grow, benefiting from compound interest. However, it's never too late to start either.

A few steps to get started:

1. Assess your current financial situation. A Financial Advisor can help.
2. Set clear retirement goals to help achieve the lifestyle you envision.
3. Create a plan to meet those goals.
4. Regularly review and adjust your plan as needed.

2 Should I consider participating in my company's 401(k) plan?

Participating in your company's 401(k) plan can be a key component of a robust retirement strategy and may help significantly enhance your long-term financial security. For example, contributing to a traditional 401(k) can lower your taxable income for the year. Also, many employers offer matching contributions, essentially providing you with free money for your retirement savings.

3 My workplace doesn't offer a retirement plan. What are my options for saving for retirement?

Even if your workplace doesn't offer retirement benefits, there are several options to help you save for retirement, such as:

→ Individual Retirement Accounts (IRAs), including traditional IRAs and Roth IRAs

→ Self-employed retirement plans

→ Brokerage accounts

→ Health Savings Accounts (HSAs)

→ Fixed or variable annuities

→ Regular savings and investment accounts

→ Investment in rental properties or REITs (Real Estate Investment Trusts)

4 What else can I do to prepare for retirement if I already have a 401(k)?

You may wish to diversify your investments to help balance risk and return. Based on your risk tolerance and timetable, a Financial Advisor can help educate you on the variety of ways to save for retirement. Also, you can explore other income sources such as Social Security or pensions.

5 I have other financial needs and goals I'm planning for sooner. Is there a way to help balance these competing priorities with retirement planning?

We get it. From saving for a home or education expenses, to paying for everyday needs, it can be a challenge to determine where—and how to place your priorities. After all, situations change and new responsibilities emerge. The good news is that there are a lot of different ways to help solve for your goals. A Financial Advisor can help understand your goals, establish a strategy, and define a plan to help you achieve the future you envision. And for other ways to find balance, take a look at our helpful guide: **How to Save for Retirement Without Sacrificing the Present**.

6 How much should I try to have saved for retirement?

Generally, it's recommended to save 10% of your income annually[1] and adjust your savings plan as needed based on your financial situation and goals. You can use retirement calculators to estimate your needs based on factors like your desired retirement age, lifestyle, and life expectancy.

7 What key costs may I encounter after retirement?

Expenses after retirement may include:

→ Healthcare expenses, such as Medicare premiums, deductibles, and out-of-pocket costs, as well as long-term care and prescription medications.

→ Housing costs, like mortgage or rent payments, property taxes, insurance, and maintenance. Don't forget about the potential costs of downsizing or moving to a retirement community.

→ Living expenses like utilities, groceries, transportation, and personal care.

→ Life insurance, long-term care insurance, and supplemental health insurance.

→ Taxes on investment income as well as retirement income from 401(k)s, IRAs, pensions, and Social Security.

→ And of course, the best part about retirement: leisure and travel.

Thinking about these expenses well in advance can help you plan for a comfortable retirement.

8 Are there tax considerations for retirement?

Yes. Being aware of tax implications can help you maximize your retirement savings and reduce tax liabilities, both now and in years to come. For example, up to 85% of Social Security benefits may be taxable[2], depending on your total income.

→ Some current contributions, like traditional 401(k) and IRA contributions, are *tax-deferred*, which means that these contributions reduce your taxable income now, but you'll pay taxes when you make withdrawals during retirement.

→ Roth IRA and Roth 401(k) contributions are made with after-tax dollars, so you've already paid taxes on them. Because of this, these account types offer tax-free withdrawals in retirement, as long as you meet the necessary requirements.

9 What if I outlive my retirement savings?

Proactive planning can make a big difference in your plans for the future, especially if you're fortunate enough to live a long, healthy life. A Financial Advisor can help you reassess, create a sustainable spending plan, and explore options for other income sources, should you find yourself in this situation.

10 Can my equity compensation play a role in my retirement planning?

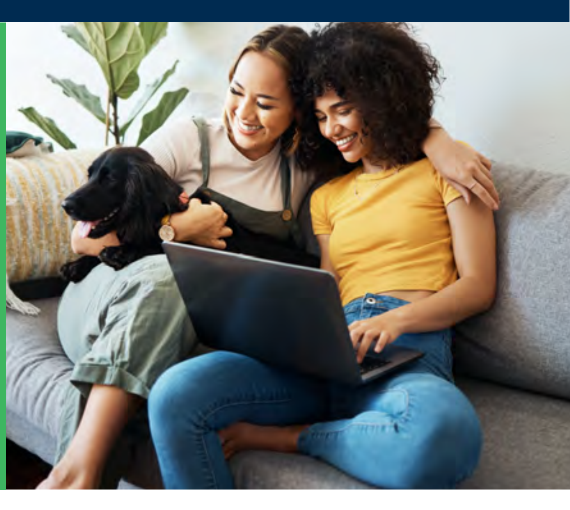
Yes. Equity compensation may enhance your retirement planning. For example, it's possible to exercise stock options or sell restricted stock units and invest the proceeds for long-term growth. Using equity compensation strategically can help supplement your retirement savings and provide additional financial security for your retirement goals.

Ready to start the conversation about your retirement?[3]

Schedule a Conversation

Please select "Retirement Planning" from the menu when scheduling an appointment.

Already a client? **Schedule your next check-in.**



[1] Retirement 101: Planning for the Retirement You Want. Morgan Stanley. 2023.
[2] Income Taxes and Your Social Security Benefit. Social Security Administration.
[3] Personalized advice may require the opening of a Morgan Stanley Smith Barney LLC account with a Financial Advisor and may require minimum asset levels. Other eligibility requirements, fees and costs may apply and certain products and services are not available to or appropriate for all clients.

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Morgan Stanley Wealth Management
2000 Westchester Avenue, Purchase, NY 10577-2530 USA