



Motley Fool Rule Your Retirement™

Get It Done: “Protect Your Wealth” Checklist

From one day to another, you never know what’s going to happen. You could win the lottery. You could bump into an old friend. Or you could swallow a spider in your sleep. (Fortunately, the odds that the last one will occur are especially low.) But if your life suddenly takes an unexpected turn for the worse, your best defense is to be prepared.

Here are steps you can take now to protect yourself and your family in the future.

1 Build an emergency fund. This is the most standard advice in the world of financial planning, but that doesn’t reduce its importance. You need enough cash in the bank to cover three to six months of must-pay expenses. Lean toward a bigger amount if you’re responsible for a family, have a tenuous job, or don’t have significant other resources that you could rely on in the event of a job loss or unexpected big-ticket expense.

2 Get life insurance if others depend on your income. If you have kids, elderly parents, disabled relatives, or other dependents — or your spouse would be financially devastated if you joined that Great Tax Shelter in the Sky — then you need life insurance.

3 Update the beneficiaries of your accounts, benefits, and insurance policies. When you joined your current employer, bought a life insurance policy, or opened up bank or investment accounts, it’s likely that you filled out forms to designate a beneficiary of those assets when you pass away. But what if you want to change the beneficiary — or didn’t complete a form in the first place? What if the service or account provider lost or mixed up your forms? (It happens!) Make sure your assets, insurance payouts, and retirement benefits go to the right people by updating your beneficiary forms and keeping copies for your records.

4 Evaluate your plan by using a retirement calculator. Determine when you can retire, how much you can spend in retirement, and the amount you need to save. Some calculators let you dig deeper by evaluating different scenarios: What if you retire later? What if you delay Social Security? What if you work part-time for the first five years? To start plugging in the possibilities, consider visiting FIRECalc.com or tdameritrade.com/planningretirement/wealthruler.html.

5 Set aside the cash you’ll need for the first five years of retirement. When you’re four years from retirement, move an amount equivalent to your first year’s worth of retirement income to money markets or CDs. The next year, set aside another year’s worth of retirement income, and so on. Your five-year income cushion will be ready by the time you stop working. Also, the Retirement tab on Fool.com has loads of

free advice on saving for retirement.

6 Monitor your credit score. Consumer watchdogs report that as many as 80% of credit reports contain errors — and a quarter of the time, those errors are significant enough to cause a FICO score drop of 50 points or more. Be sure to review your official records from all three major credit-reporting agencies (Equifax, Experian, and TransUnion). By the way, it’s a myth that doing this will lower your score — such “soft inquiries” have no effect. Visit AnnualCreditReport.com, the official source for your free annual credit report (one per year from each agency).

7 See an attorney to complete or update your will, power of attorney, or living will. You don’t have a retirement plan until you have an estate plan. This is especially crucial if you’re married or responsible for the financial well-being of others. If you haven’t updated your documents recently (or you moved to a different state), make sure they reflect your current wishes and what you own today.

8 Inventory your possessions. If Mother Nature or other nefarious characters damage, destroy, or steal your stuff, you’ll need to prove to your insurance company what you owned and in what condition. Perhaps the easiest way is by going from room to room with a video recorder, opening drawers, closets, cabinets, armoires, safes, floorboards, and false walls along the way. At knowyourstuff.org, you’ll find a tool to help document your possessions.

9 Busy? Hire a daily money manager. Daily money managers have long been employed to help elderly folks or people with disabilities handle everyday financial tasks. But these days, they’re catering more and more to people who are just plain busy. DMMs typically offer a range of services such as regular bill paying, explaining financial statements, coordinating financial paperwork, and much more. Visit the American Association of Daily Money Managers website (aadmm.com) to locate a DMM near you.

10 Document everything for those left behind. Make it easy for your relatives to find your accounts, insurance policies, legal documents, valuables, and access codes when you’re no longer able to manage your finances (temporarily or immortally).

Secure Your Wealth Today

This is by no means a comprehensive list, but every bit of protection helps. If you have additional tips that could benefit other members, we welcome you to share them on the boards at <http://newsletters.fool.com/1062/community/>. 🐼