

## Financial Planning for Retirees

### What is Financial Planning?

Financial planning is a comprehensive and custom process of managing your money to achieve financial security and to meet financial goals. Strategies are implemented to optimize wealth accumulation and minimize your tax liability while implementing risk mitigation strategies to protect your assets and achieve your financial goals. Financial planning considers:

- Budgeting and cash flow management—understand how you spend your money and identify areas to improve upon, pay down debt, build a good credit history, and identify a budget for savings.
- Savings and Investment Management—establish an emergency fund, employer or self-employed retirement plans (tax-deferred), and individual investment strategies (tax-free and taxable accounts).
- Tax Planning—develop strategies to minimize tax liability and optimize tax-advantaged accounts.
- Risk mitigation—protect income and assets with the use of health, life, disability, property, auto and liability insurance. Other strategies include the use of an emergency fund, Roth IRAs, Health Savings Accounts (HSA), and taxable brokerage accounts.
- Estate planning—plan for the distribution of assets, according to your wishes, after death. This includes wills, medical directives, beneficiary forms, trusts, and powers of attorney.

### Top 5 Benefits

For retirees and those planning to retire soon, working with a financial planner ensures that you have a comprehensive plan that covers all aspects of your financial future, providing peace of mind as you navigate this new stage in life.

1. Maximizing Retirement Income
2. Tax Efficiency
3. Navigating Market Volatility and Adjusting Plans
4. Estate and Legacy Planning
5. Health Care and Long-Term Care Planning

1. Maximize Retirement Income – Establishing a post-retirement financial plan can help retirees optimize their income streams by managing withdrawals from various investments accounts in conjunction with other retirement income streams, such as Social Security, pensions, or part-time retirement wages. A financial planner can create a strategy that minimizes taxes while ensuring a steady cash flow to cover living expenses.

- Manage multiple income sources – Beyond traditional retirement accounts, a financial planner can help retirees manage income from pensions, annuities, rental income, inheritance, and dividends to name a few. They will ensure a balance and tax efficiency between steady income and preserving principal.
- Withdrawal Strategy - A post-retirement financial plan can help retirees establish a strategy for withdrawing money from various retirement accounts, such as 401(k)s, IRAs, and Roth IRAs. Each has their own benefits, drawbacks, and tax implications. Especially if retirees have a mix of taxable, tax-deferred, and tax-free accounts, the withdrawal strategy will consider tax implications, ensuring that withdrawals are sustainable over the long term, and take into consideration any charitable or legacy wishes are met.
- Social Security Optimization - Deciding when to begin taking Social Security benefits is a critical decision for retirees. A financial planner can analyze various factors, like life expectancy, other sources of income, marital status, and timing of spousal benefits, to help determine the optimal time to start taking Social Security, thus maximizing lifetime benefits until Social Security income is needed.

2. Tax Efficiency – Establishing a plan for smart and informed tax decisions can help reduce your lifetime tax burden and identify opportunities for tax-advantaged strategies.

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- **Required Minimum Distributions (RMDs)** - A financial planner can assist retirees in understanding and planning for RMDs from traditional IRAs and 401(k)s. As these distributions are taxable at ordinary income tax rates, proper planning ensures that the distributions don't unexpectedly or unnecessarily increase taxable income.
  - **Roth IRA Conversions** - A financial planner can help determine if and when converting traditional IRA funds into a Roth IRA makes sense for a retiree's situation. As conversions are taxable events, it is important to strategically plan for these conversions and allocate funds to pay the additional taxes.
  - **Tax Efficient Withdrawals** - A key focus is minimizing taxes on retirement withdrawals. Depending on the type of accounts and individual needs, a financial plan can give direction as to the specific amounts to withdraw annually, from which account, and in what order. For example, withdrawing last from tax-free accounts, such as a Roth IRA, allows tax-free growth for as long as possible, reduces the risk of taxes eating into future retirement income, and any unused funds pass to heirs tax-free.
  - **Tax Loss Harvesting** - If a retiree's portfolio includes taxable investment accounts, a financial planner can use tax-loss harvesting to offset taxable gains by selling losing investments. This strategy can help reduce the overall tax burden in retirement.
3. **Navigating Market Volatility and Adjusting Plans** – Retirement is a long journey, and markets will fluctuate. A financial planner helps you stay on track, adjust your portfolio as needed, and avoid emotional decisions that could derail your financial future.
- **Portfolio Management** – During periods of high volatility, a planner can rebalance the portfolio, shift allocations, or harvest tax losses, to ensure your plan stays on track while avoiding impulsive decisions.
  - **Scenario Analysis & Stress Testing** – Using specialized financial modeling software, planners can simulate various “what-if” scenarios to test how the retirement plan holds up and recommend course corrections. Scenarios may include the death of a spouse, a recession, rising interest rates, changes to healthcare costs, etc.
- **Ongoing Plan Adjustments** – As markets evolve and personal circumstances change, financial planners provide ongoing support to modify the retirement plan, ensuring it stays relevant and resilient. Adjustments may need to be made due to new expenses, policy changes, inheritance, addition on new heirs, disability, change in health, and other considerations.
4. **Estate and Legacy Planning** – A comprehensive financial plan should include an estate plan that ensures a smooth transfer of assets to beneficiaries, minimizing estate taxes and other complications, while aligning with your personal values and goals.
- **Creating or Updating Wills and Trusts** – In conjunction with an estate planning attorney, a financial planner can guide retirees in creating or revising their will, along with reviewing beneficiary designations for all banking and investment accounts, and in establishing trusts to ensure your assets are passed per your wishes. A financial plan can ensure assets pass to beneficiaries in a tax-efficient manner and avoid probate as feasible.
  - **Healthcare Directives and Powers of Attorney** – A comprehensive financial plan should also include establishing and reviewing advance healthcare directives and powers of attorney to ensure a trusted person can make healthcare and financial decisions in the event the retiree becomes incapacitated.
  - **Minimizing Estate Taxes** – While the lifetime estate tax exclusion has increased in 2025, for those still affected, estate taxes can still be a significant burden if not properly planned for. As estate taxes are primarily based on the fair market value (FMV) of assets at the time of death, keeping highly appreciated assets can increase this tax liability. A financial planner can help retirees make strategic lifetime gifts to heirs, determine charitable donations, advise on trusts, or use other strategies to mitigate estate taxes.

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- Charitable Giving - A financial planner can design a strategy for charitable giving that maximizes the tax benefits for both the retiree and the charity. This can include setting up charitable remainder and/or lead trusts, donor-advised funds, family foundations, qualified charitable distributions (QCD's), or making direct gifts.

5. Health and Long-Term Care Planning – Healthcare needs change for individuals and families as we age, and often these costs significantly increase with age. That's why it is essential to plan for health insurance, such as Medicare and supplemental insurance, long-term care (LTC) insurance, and other health-related expenses.

- Medicare and Supplement Health Insurance Plans – Aligning retirement health care costs with your overall financial plan ensures that these expenses are managed and fully understood. A financial planner can help navigate Medicare enrollment options and assist in selecting supplemental health insurance plans to fill the gaps that Medicare doesn't cover.
- Long-Term Care (LTC) Insurance – Planning for the possibility of needing long-term care, whether in a nursing home or in-home care, is critical as these costs can be significant and the need can arise with little notice. A financial planner can assess whether purchasing LTC insurance makes sense based on the retiree's health and financial situation, or if other investment assets should be allocated to fund these costs.
- Health Savings Accounts (HSAs) – While you cannot make new contributions to an HSA once enrolled in Medicare, funds continue to grow tax-free and can be withdrawn tax-free for qualified medical expenses. If a retiree still has an HSA balance, a planner can help maximize its value as a tax-efficient vehicle for paying healthcare costs in retirement.

### Final Thoughts

Choosing a trusted fiduciary, someone who prioritizes your needs above their own, can be an important step in providing your financial security and ability to meet financial goals. To get a better idea of the breadth and detail of NovaPoint's financial planning process, check out this [Sample Financial Plan for Retirees](#). At NovaPoint, our investment, wealth management, and tax experts can help advise you on your post-retirement income streams, optimizing Social Security benefits and tax strategies, navigating Medicare, managing health care costs, and estate planning. If you want a trusted partner to manage your money more wisely and develop your own financial plan, [contact us here](#).

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**NovaPoint – Financial Planning and Wealth Management**

## The NovaPoint Team



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning, successfully passed the Certified Financial Planner® (CFP®) board exam, and is a member of the Financial Planning Association.

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