

# A ROADMAP FOR Wealth Planning

 25-39

 40-54

 55-65

Where are you on the  
**ROAD OF LIFE?**

[Tap on your age to explore]

 66+



NORTHERN TRUST

Call us today: 866-803-5857

[northerntrust.com](http://northerntrust.com)



# Pivotal Years

ages  
**25-39**

KEY FOCUS:  
**LAYING THE FOUNDATION**

ages  
**25-39**

## Lifestyle

**Maintain  
your current  
lifestyle**

- Discuss financial plans with partner
- Plan for a long-term horizon, at least to age 90
- Strive to save 10–20% of income
- Maximize retirement plan contributions (e.g., 401(k) plans, IRAs, Roth IRAs)
- Gain an understanding of expenses and budget for an emergency fund to cover 6–12 month's income
- Manage credit card and other debt to gain a good credit rating
- Minimize non-deductible debt
- Budget for child-raising expenses
- Balance long-term retirement funding with education funding
- Consider health savings accounts
- Establish a comprehensive insurance program including disability, health, life and personal liability coverage
- Couples should review and consolidate lifestyle financial plans

ages  
**25-39**

## Capital Assets

**Pursue your  
next dream**

- Conduct financial independence analysis
- Investigate financing alternatives for all major purchases
- Align debt structures with the characteristics of assets purchased
- Understand the tax implications of various types of funding in order to favorably manage debt

ages  
**25-39**

## Family

**Invest in  
your family's  
future**

- Establish/implement premarital financial planning strategies
- Coordinate wealth transfer plans with spouse or partner
- Establish and periodically update will, directives to physicians, durable and healthcare powers of attorney
- Establish appropriate savings vehicles for children, nieces and nephews (e.g., UTMA's)
- Begin education funding – consider 529 Plans
- Name a guardian for children
- Update beneficiary designations on retirement plans and life insurance policies for changes in family structure

ages  
**25-39**

## Philanthropy

**Create your  
philanthropic  
legacy**

- Balance charitable giving with the financial needs of the family
- Involve your family in philanthropy through giving of your time and expertise
- Begin to develop your alliances with causes/charities of interest to you and your family



NORTHERN TRUST

Call us today: 866-803-5857

[northerntrust.com](http://northerntrust.com)





# Interdependence

ages  
**40-54**

KEY FOCUS:  
**BALANCING ACT**

ages  
**40-54**

## Lifestyle

**Maintain  
your current  
lifestyle**

- Analyze your balance sheet to confirm your financial position
- Align your cash flow with your debt commitments
- Seek tax-efficient investment strategies and wealth transfer planning
- Conduct ongoing portfolio monitoring and dynamic rebalancing as necessary
- Maximize employer-sponsored retirement plans (e.g., 401(k) plans, IRAs, Roth IRAs), including available catch-up contributions
- Determine target retirement age; begin retirement planning
- Discuss your parents' cash flow needs and factor into your own plan
- Consider purchasing long-term care insurance for you and your parents
- Consider health savings accounts
- Review and update insurance program including disability, health, life and personal liability coverage

ages  
**40-54**

## Capital Assets

**Pursue your  
next dream**

- Take advantage of flexible financing for personal needs and business or investment opportunities: custom loans and lines of credit, specialized lending and equipment financing and leasing
- Use credit facilities strategically without disrupting asset management strategies
- Seek family business consulting, if appropriate

ages  
**40-54**

## Family

**Invest in  
your family's  
future**

- Integrate your estate plan within your overall financial plan
- Update all estate planning documents, factoring in any changes to your family situation
- Discuss your parents' estate and wealth transfer plans and adapt your own plan as needed
- Begin to teach your children about money, the importance of saving, the fundamentals of borrowing money and establishing and maintaining a good credit rating
- Help children purchase an investment vehicle and monitor its performance over time
- Begin multigenerational family education to share family values and prepare the next generation for living in wealth
- Maximize utilization of educational funds in the most tax-efficient manner
- Begin wealth transfer planning; make annual exclusion gifts
- Incorporate trusts for children into your estate plan

ages  
**40-54**

## Philanthropy

**Create your  
philanthropic  
legacy**

- Help establish a mission that defines the family's philanthropic intentions
- Develop charitable giving strategies; consider tax-efficient philanthropic vehicles, charitable trusts, private family foundations, donor advised fund
- Introduce children to personal giving, volunteering and fund raising



NORTHERN TRUST

Call us today: 866-803-5857

[northerntrust.com](http://northerntrust.com)





# Renewal


 ages  
**55-65**

 KEY FOCUS:  
**PEAK PRODUCTIVITY**

 ages  
**55-65**

## Lifestyle

**Maintain  
your current  
lifestyle**

- Begin to consider where you will retire; consider state income and estate taxes
- Get a customized retirement projection factoring in inflation, work plans during retirement, cost of healthcare and insurance coverage
- Make catch-up contributions to retirement plans
- Identify favorable deferral and distribution elections within various retirement plans
- Examine sources and stability of cash flow and adjust allocations appropriately
- Review asset allocations to stay ahead of inflation and taxes
- Diversify single stock exposure or other highly concentrated holdings
- Conduct ongoing portfolio monitoring and dynamic rebalancing based on your changing risk profile, as necessary
- Revisit and update all insurance coverage (e.g., life, medical care and long-term care insurance)


 ages  
**55-65**

## Capital Assets

**Pursue your  
next dream**

- Decide what amount of debt is appropriate for you and investigate available financing alternatives
- Evaluate the pros and cons of eliminating debt
- Seek advantageous ownership structures and strategies for your illiquid investments (e.g., wealth transfer, premium financing, family business services, real estate and agricultural services)


 ages  
**55-65**

## Family

**Invest in  
your family's  
future**

- Revisit and update will, directives to physicians, durable and healthcare powers of attorney, as necessary
- Revisit and update all estate planning documents, factoring in any changes to your family situation
- Consider establishing irrevocable life insurance trust and generation-skipping trust
- Discuss retirement plans with family and children
- Review accounts and transfer UTMAs to adult children at majority
- Adult children should take advantage of employer 401(k) plans and/or set up an IRA or Roth IRA with automatic transfers
- Adult children should establish a will, directives to physicians and durable and healthcare powers of attorney


 ages  
**55-65**

## Philanthropy

**Create your  
philanthropic  
legacy**

- Share the family mission, values and history and the importance of charitable giving
- Engage the next generation in the family foundation, charitable giving strategies and volunteerism
- Consider creating a lifetime gifting strategy for family and/or charities



NORTHERN TRUST

Call us today: 866-803-5857

northerntrust.com





# Prime Time

ages  
**66+**

KEY FOCUS:  
**QUALITY OF LIFE**

age  
**66+**

## Lifestyle

**Maintain  
your current  
lifestyle**

- Reassess your complete financial situation
- Consider changing lifestyle and healthcare expenses during retirement
- Establish appropriate withdrawal amounts, factoring in inflation
- Continue to monitor and reallocate investments to maintain diversification
- Review insurance coverage and adjust as necessary

age  
**66+**

## Capital Assets

**Pursue your  
next dream**

- Evaluate the pros and cons of eliminating debt
- Assess the capital impact of your long-term living arrangements

age  
**66+**

## Family

**Invest in  
your family's  
future**

- Implement wealth transfer plans to establish a family legacy
- Review and update estate planning documents to reflect your intentions
- Share wealth transfer plans with family and other beneficiaries
- Consider the emotional and financial benefits of establishing a funeral plan
- Support grandchildren, if appropriate

age  
**66+**

## Philanthropy

**Create your  
philanthropic  
legacy**

- Implement lifetime gifting, wealth transfer and philanthropic strategies
- Consider active volunteerism



NORTHERN TRUST

Call us today: 866-803-5857

[northerntrust.com](http://northerntrust.com)





[northerntrust.com](https://www.northerntrust.com)

LEGAL, INVESTMENT AND TAX NOTICE: This information is not intended to be and should not be treated as legal, investment, accounting or tax advice and is for informational purposes only. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal, accounting or tax advice from their own counsel. All information discussed herein is current only as of the date appearing in this material and is subject to change at any time without notice.

© 2019 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A. Incorporated with limited liability in the U.S.

THE NORTHERN TRUST COMPANY    MEMBER FDIC    EQUAL HOUSING LENDER 

Q56043 (3/19)



NORTHERN TRUST