Elizabeth O'Brien's Retire Well

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Turning 50? Time for a retirement tuneup

Seven steps to keep your health and wealth on track

By Elizabeth O'Brien

Fifty may be the new 30 when it comes to how you feel—and if you're Madonna, how you look—at midlife. But those ages are worlds apart when it comes to planning for retirement. By 50, the end of full-time work has come into view, however distant, on the horizon.

This makes the half-century mark a great time to take stock—and, if you haven't done it already, to evaluate whether you're on track to enjoy financial and physical well-being when you retire. At 50, experts say, there's still time to play catch up and make adjustments if needed to protect your health and wealth for the next phase, but doing so gets harder with each year you wait after that. "If you start at 50, it's possible everyone can get what they want, but if you start at 64, there's less flexibility," said Suzanna de Baca, vice president of wealth strategies at Ameriprise Financial.

A good place to begin, de Baca said, is by imagining your perfect retirement. It helps to get some sense of the big-picture goal before assessing what obstacles might lay in its path. And life partners should compare notes with each other. It's better to discover sooner rather than later that one person's idea of retirement bliss is a house overlooking the seventh tee, while the other dreams of an apartment in the city.

To be sure, folks at 50 have many other demands on their time and money: college tuition or wedding payments for their kids, support for aging parents, and serious work obligations. Yet you should fight the impulse, however understandable, to put retirement on the back burner in your early 50s, advisers say. "It might not be opportune," said Rand Spero, a fee-only financial planner in Lexington, Mass. "But it actually is the most critical time."

Here's a checklist to help 50-year-olds stay on track for a retirement that's healthy in every sense of the word:

Get your paperwork in order

If you don't have a health-care or financial power of attorney, now is the time to put them in place. The former names a person, known as an "agent," to make health-care decisions on your behalf if you become too sick or mentally impaired to do so. Similarly, the latter names an agent to handle your financial affairs if you're no longer able to do so. It's important to establish these before a crisis strikes—if a person becomes incapacitated without these documents in place, then family members will need to go to court to establish a guardianship, or conservatorship, as it's called in some states. Review beneficiary designations on your life insurance policies and investment accounts, and make sure your will is up-to-date.

Get screened

An investment in good health will pay dividends throughout your life. Experts estimate that one-third to one-half of a person's longevity can be attributed to genetics, but healthy eating and exercise really can improve your quality of life in the remainder that you can control. Talk to your doctor about which medical screenings make sense for you. Some, like the PSA test for prostate cancer, have become controversial due to the risks of false alarms and the complications from the biopsies that can result from false positives. Others, like colonoscopies at least once a decade starting at age 50, are more universally accepted. And it's never too late to start exercising and eating more healthily. Studies suggest that you can reap benefits from even moderate exercise, such as vigorous walking, so those without the time to hit the gym can't use that as an excuse for remaining on the couch.

Protect yourself

Slightly more than 25% of today's 20-year-olds will incur a long-term disability—one that renders them unable to work for a year or more—before reaching age 67, according to the Social Security Administration. But 69% of the private- sector workforce has no long-term disability insurance. What's more, the group long-term disability plans that people get through their jobs typically cover just 60% of their salaries in the event of a disability. (And some policies only cover 60% of the base salary, so those who rely on bonuses for their total compensation will come up even shorter.) At that level, most disabled people won't be able to meet day-to-day expenses, much less contribute to their retirement savings accounts, de Baca said.

To make up for the shortfall, or to obtain coverage in the first place if work offers none, many people would benefit from buying an individual disability policy, she said. Such coverage isn't cheap, however, especially for high earners. Premiums for a hypothetical 45-year-old male attorney making $150,000 a year would average $3,000 per year, for a policy that would pay a benefit of $7,500 per month until age 65, according to benefits provider Unum.

Fifty is also a good age to start thinking about how you might pay for long-term care, which Medicare doesn't cover. Long-term care insurance has become expensive and harder to obtain, but it's still worth a look for healthy people in their 50s, some advisers say. Others advocate life insurance policies with a long-term care rider. Those without children in particular might also think about developing their social support networks, experts say; such networks can often help older people stay at home for longer, among other benefits.

Create a retirement budget

Without a budget you have no way of knowing whether your savings will come up short after stopping work. Instead of starting with an arbitrary dollar goal, like $1 million, figure out how much you'll need to live each month and project out from there, experts advise. A financial planner can help by stress-testing your projected nest egg under different market conditions and life spans. Make a plan to eliminate credit card debt and consider paying off your mortgage before you stop work. Be sure to build in a cushion for unexpected expenses: a recent Ameriprise Financial survey found unforeseen losses and expenses such as a market decline or the need to support a grown child cost Americans an average of $117,000 in retirement savings.

Reassess your portfolio

Check to see that your current asset allocation is appropriate for your goals. The old rule of subtracting your age from 100 to calculate your portfolio's stock allocation is a thing of the past, advisers say. Unfortunately, there's no easy formula that has replaced it. It's important not to be too conservative in your 50s, since you'll need portfolio growth to fund a retirement that could stretch for three decades. Today, many investing pros are expressing concern about bonds, whose yields have been rising and prices falling. Those who invest in individual bonds and hold them to maturity won't be affected by this trend, but those holding bond mutual funds could lose money. If you're invested in target-date funds, all-in-one mutual funds that rebalance your portfolio as you get closer to retirement, Bob Pozen, a senior lecturer at Harvard Business School and a senior fellow at the Brookings Institution, recommends taking another look at them to make sure you're comfortable with the asset mix. Many people were shocked during the market crash of 2008 to see their supposedly conservative target-date funds drop sharply in value. "Don't assume the target-date fund is taking care of you," Pozen said.

Reassess your career

Can you envision staying at your current job for the next 15-plus years? If not, it might be time to make a change. Spero recently coached a client in his early 50s through a career shift. The man had worked as a senior sales manager, a high-powered, high-stress job. While he was successful, the client didn't see himself sustaining that pace into his late 60s. Yet he couldn't afford to retire early. So he shifted over to a curriculum development job, where he writes sales training materials and conducts trainings. His total compensation isn't quite as high as before, but it's more stable because it isn't commission-based, Spero said, and the man can envision working at his new, less frenetic pace until retirement.

Play catch up

The IRS allows people 50 and over to make "catch-up contributions" to their tax-advantaged savings accounts. Those maximum amounts for 2013 are $5,500 for 401(k)s (on top of the maximum of $17,500 for those under 50) and $1,000 for IRAs above the under-50 limit of $5,500.