Retiring and taking money from your 401(k)? Ask these questions first.

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Being prepared can help you maximize your savings.

Whether or not you’re nearing retirement, you may be thinking about where your income will come from after the paychecks end. Many people rely on a workplace retirement plan, such as a 401(k), for a big part of their retirement income. In fact, more than half of U.S. workers are counting on it to be their major source of income, according to the Employee Benefit Research Institute’s 29th Annual Retirement Confidence Survey.

82% of workers expect their workplace retirement savings plan to be a source of income during their retirement

After spending your working life saving and investing, there are some fundamental decisions you need to make before you start taking those funds out. Planning ahead will help you get the most out of your retirement nest egg. Start with these important questions:

• What are the pros and cons of leaving your savings in your employer’s retirement plan versus rolling it into an individual retirement account (IRA)?
• If you have savings left behind in 401(k) accounts from past jobs, what’s the best way to consolidate those funds?
• For many of us, retirement income will come from a mix of Social Security and our own savings, and possibly pensions and annuities. How are you estimating how much money you will receive each month? How much money will you need, and for what? Most importantly, will your current saving and investing plans get you there?
• Your appetite for taking risks with your investments may wane as you near the end of your career and then retire. How should your asset allocation — the division of your money among different stocks, bonds and other investment types — change as you get closer to retirement?
• Finally, at what rate can you draw down your retirement savings and still have enough money to last 20, 30 or even more years in retirement?

These topics can be difficult to sort out on your own. But a financial advisor can walk you through these critical considerations and share valuable expertise. Consider meeting with an advisor as you near retirement — or even well before — to determine how financially ready you are to leave work and to have regular check-ins on your income and spending in retirement.