

FINANCIAL JOURNEYS

FINANCIAL & RETIREMENT PLANNING FOR LIFE



Retiree in training

Practice makes perfect when it comes to retirement

Are you ready to retire? Are you sure? Think about it before you say, “Yes!”

Most of us really look forward to the idea of well-deserved, unstructured free time. A time to do exactly what we please when we please – travel, spend time with family, pursue hobbies, volunteer. Until we get there. The 2018 Global Retirement Reality Report found that only 53% of Americans said they were happy in retirement. Some retirees underestimate how long it takes to adjust to what may be a radically different lifestyle; others miss their friends from work; still others find themselves with too much free time on their hands between grand adventures and visits with the grandkids.

Like all major life events, transitioning to a retirement lifestyle can be a major adjustment and comes with a few hiccups along the way. One day, you may go from your seat at the top as a powerful executive to a lounge chair in your living room with the TV or Fido for company. The point is, without your career to define you, what will?

Finding the answer takes a lot of preparation – emotionally, physically and financially – and a lot of thought. While the financial component is critical to a sustainable retirement, so is your quality of life. Too few people consider the psychological factors, which include letting go of your career identity, shifting social networks and spending more unscheduled time with your spouse, as well as the need to find new and engaging ways to stay active.

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Retiree in training (cont.)

It's crucial that would-be retirees invest in their social, physical and psychological needs as well as their financial ones. And that takes planning. Here's what we mean.

ALL OR NOTHING?

It turns out you don't have to go all-in on retirement. You can transition into it, while still working. In the years before you plan to retire: Practice. Try out different aspects of your proposed retirement and see if they are as fulfilling as you imagined.

There are several benefits of continuing to work, in any capacity, while you try on retirement for size.

The additional income can help you:

- Avoid drawing down your retirement savings, allowing time for potential future growth.
- Start enjoying the retirement lifestyle that will be most fulfilling for you.
- Pay down unnecessary debt or splurge on a large purchase.
- Stretch your retirement savings. Even a part-time salary will reduce the amount you'll need to withdraw. For example, making \$10,000 a year is enough to replace a 4% annual withdrawal from a \$250,000 portfolio.
- Delay taking Social Security, until age 70. Each year you wait adds 8% to your monthly benefits.
- Reduce out-of-pocket healthcare costs since you'll still be covered under employer-subsidized insurance.

To get into the right mindset, first figure out if you really want to retire and what that may look like. Imagine how you'll spend your days as well as what a typical day would look like. Ask yourself:

- What current activities do I want to continue in retirement?
- What new things do I want to learn or do?
- Who would I like to see more of and how often?
- Where would I like to travel?
- What role does work play in my life?
- What brings me joy?

If traveling is on your agenda, start with extended trips to areas of interest. Pickleball more your cup of tea? Practice now to ensure it's as fulfilling as you hope. Doing so, while you still have a job, can help with your eventual satisfaction in retirement. You may find you prefer a sort of hybrid retirement that perfectly blends work and leisure into the ideal mix for you.

You're looking for fulfilling activities that also fill up your time in meaningful ways. Having an emotional connection, a purpose, to your activities helps motivate you and creates a sense of contentment. So it's important to really give some thought to what makes you happy. Allow yourself the luxury of introspection and give yourself permission to enjoy your 60s, 70s and beyond using the money you've saved specifically for this purpose.

Once you have a good idea of what makes life more meaningful for you, take the time to experiment, explore and reflect on both your leisure and work options (e.g., part-time, consulting, moving to a new industry) to find the right balance of time, money, work and play that will become your retirement lifestyle. This work-and-play approach works best for those near traditional retirement age who are willing and able to work longer in exchange for getting a good read on their retirement readiness.

Look for activities that fill time in meaningful ways.

A CHANGE OF PACE

Of course, everyone's vision for retirement will be different, and any decisions about this important phase of life should be based on your financial situation and comfort level. If continuing to work while dipping your toe into the retirement waters appeals to you, run the idea past your financial advisor to determine if the idea is feasible. He or she can help you determine if a more gradual approach could help you adjust emotionally and financially, so you can achieve the ultimate reward: a happy, fulfilling new life. ■

NEXT STEPS

- Reflect on what a fulfilling retirement means to you and how you would like to spend your time.
- Consult with your financial advisor on your financial preparedness for retirement, especially if you plan to work part time as you transition into retirement.
- "Try out" retirement by scaling back at work instead of stepping away all at once.



Reaching out

Technology can help you stay connected – now and in retirement

Many of us look forward to the freedoms that come with getting older. No more 9 to 5, fewer expectations and responsibilities. But we may not realize that once the door closes on our work lives, we may struggle to find a new social circle to replace our old friends and co-workers. And relationships factor in to our happiness in retirement. A paper submitted for the 2018 Academic Research Colloquium for Financial Planning & Related Disciplines found that leisure spending, health status, and spousal and friend relationships have the greatest impact on creating satisfaction in retirement.

We're at risk of more than just being dissatisfied if we become disconnected. Loneliness was linked to an increased likelihood of mortality in research conducted by Brigham Young University. While there are many causes, e.g., lifestyle shifts, loss of friends or loved ones, there's hope in the form of new technology.

CONNECTED CURES

Social media apps, for example, enable you to connect with old friends and make new ones. With Facebook, you can rekindle friendships from your school days. Video chats like FaceTime or Skype help you stay in touch with long-distance relatives. And online forums keep you involved in your community. You can hone your gardening hobby or carry on philosophical discussions in online forums like SENIOROnly Club or finding relevant Facebook Groups. It may help you grow your social circle with those who have similar interests and views.

CONNECT OFFLINE, TOO

While technology can bridge the gap between face-to-face interactions, it shouldn't be the only way you communicate. Reach out often to set up lunch dates or attend the theater with friends. You may also enjoy volunteering, say at a local hospital or animal shelter. And physical activities like walking in the park, bocce ball, fitness classes, golf or shuffleboard can help you stay active and healthy.



DO'S AND DON'TS

- Do consider attending free technology training through organizations like AARP or a local library.
- Do connect with people you know in real life.
- Don't reveal overly personal or financial information in your profiles. Protect your privacy.
- Don't believe everything online. If it's too good to be true, it probably is.
- Do join online groups to meet others with similar interests.
- Don't stay home all the time. Walking your neighborhood, visiting local cafes and places of worship might open up your circle.
- Don't forget to think before you post. You shouldn't share or say anything you wouldn't in person.
- Do meet online acquaintances in a public place, like a coffee shop or diner.



Emotional and physical preparedness are just as important as financial preparedness when it comes to retirement. Don't overlook them. ■

NEXT STEPS

- Survey your friends and family to see which apps they spend their time on.
- Download and learn one technology platform at a time to keep from being overwhelmed.
- Find a regularly scheduled face-to-face activity to stay engaged in person.



A circle of care

Meet the eldercare specialists you didn't know you'd need

You've heard it before, Americans are living longer. Advances in medicine and technology have increased our longevity as well as our quality of life. But the latter doesn't just happen by accident. It takes a savvy senior and a well-orchestrated team to pull together all the resources needed to maintain a certain lifestyle in retirement.

WAITING IN THE WINGS

Get to know some of the professionals who stand at the ready, if you should need them.

Healthcare advocates: A healthcare advocate helps navigate public and private medical resources (e.g., Medicare), as well as helps evaluate in-home and long-term care options.

Elder law attorneys: Elder lawyers help older Americans prepare important documents – such as powers of attorney, HIPAA release forms and living will and legacy documents. Other services include long-term care planning, resolving Social Security issues and establishing conservatorship.

Transportation experts: Driving specialists or driver rehabilitation specialists, who often have backgrounds in occupational therapy, can help drivers experiencing difficulties and recommend mobility equipment to keep you or a loved one safely on the road.

Senior move managers: Moving can be overwhelming for everyone, but especially so for seniors “downsizing” or “right sizing.” Senior move managers step in to help prepare for and facilitate a move.

Care managers: These professionals connect families caring for loved ones with the right services through agencies dedicated to aging, housing and social activities, as well as Medicare and other health services. They develop and – this is crucial – maintain a care plan that evolves as needs change over the short and long term.

Aging in place experts: Certified aging in place specialists design, modify and build safer living spaces for those who want to live independently at home.

Professional fiduciaries: Professional fiduciaries provide critical assessments and planning for seniors and their families and are often tasked with managing daily personal and financial affairs.

Veterans service officers: These experts assist veterans and their families with navigating the benefits and integrated health services offered by the U.S. Department of Veterans Affairs.

CONTINGENCY PLANS

You may never need some of these services. But understanding your options and having a contingency plan for “just in case” ensures you and your loved ones will be well taken care of at a time when they may need it the most.



Your financial advisor, who has helped other clients in similar situations, can serve as a hub of resources, helping you coordinate health and wealth solutions. Talk through the possibilities early enough, while you still have time to make informed, well-researched decisions that protect your well-being as well as your nest egg. ■

NEXT STEPS

- Ask your financial advisor for eldercare resources.
- Build a list of professionals you can trust.
- Revisit your list regularly and engage professionals as needed.