

Retirement – An Event and A Process

Retirement is more than simply an event. Just like marriage is an ongoing process after the wedding, retirement is an ongoing process after your last day of work, both financially and emotionally. People have the impression that if they have saved enough then their retirement will simply take care of itself, but that is not the case. Viewing retirement as the passage from one stage of life to another will serve you well. Planning is essential in the five years prior to retirement, but it is also important to continue that planning for the five years after retirement.

The day you retire you may think that you instantly shift from receiving your paycheck to receiving retirement income, but this is not typical. Patience is crucial during this transition period as you may need to wait a couple of months for things to be processed in order to finally start receiving benefits. Beginning to receive a pension, starting social security, or even setting up withdrawals from your retirement account can take some time to do properly, so being able to utilize your savings should be anticipated. We recommend allowing about three months for this initial transition process.

Your retirement savings has hopefully been accumulating over the past 20 or 30 years and the time has finally come for you to enjoy this savings. For the majority of your working life, you budget for household expenses as well as saving for retirement. Once you reach the stage of retirement it is time to shift that focus by removing the need for these monthly savings. A CERTIFIED FINANCIAL PLANNER™ will help you to establish a new, modified budget that excludes the retirement savings portion and instead budgets spending for your updated household expenses and other needs. We are here to help you put this new plan into action to shift your focus from saving to spending.

Changes in your budget will occur when you initially retire. Not only will you no longer have a steady paycheck, but once you reach retirement there are some other changes to expenses and incomes to be considered. For example, Social Security income may begin, your medical insurance will need updating, and you may now qualify for discounts on services such as home and auto insurance. Medical insurance is a key budget piece for today's retirees. It may mean Medicare with a supplemental policy or COBRA from your former employer or private health insurance. In order to feel at ease with your retirement budget overall it is best to have most debts paid off prior to retiring, so that you have fewer expenses to worry about and can focus on enjoying your new daily activities.

Securities offered by Registered Representatives through Private Client Services, Member FINRA/SIPC. Advisory products and services offered by Investment Advisory Representatives through Wagner Planning, a Registered Investment Advisor. Private Client Services and Wagner Planning are unaffiliated entities.



You are going to miss your paycheck in more ways than one and many retirees go back to work because they cannot handle the leisure time. The loss of a work/life structure and a job means that retirees have to plan to replace their identity, their social network, and keep mentally active. Often people believe they will focus all their energy on their hobbies, but very few people are able to create a whole new lifestyle around their hobbies or convert their favorite pastime into a new business. Creating a rough schedule of daily activities can help you to envision how your retirement may map out.

In a best-case scenario, your savings will need to last three decades or more. The expenses at each stage of retirement are associated with how you choose to spend your time, where you decide to live and how your health holds up. If you take these factors into account and evaluate how they will change throughout your retirement, you can budget accordingly. Remember, your quality of life is not evaluated by the number in your bank account, but instead by the memories you have created. Therefore, focus on how your finances can maximize your life, not the other way around. Retirement is a time for relaxation so planning ahead will dramatically reduce your financial stress. We are here to help you plan for this transition.

This article written by Sandra J. Wagner, CFP®. Sandra has been helping people with their finances since 2001. She is a CERTIFIED FINANCIAL PLANNER™ professional and CEO of Wagner Planning.

Securities offered by Registered Representatives through Private Client Services, Member FINRA/SIPC. Advisory products and services offered by Investment Advisory Representatives through Wagner Planning, a Registered Investment Advisor. Private Client Services and Wagner Planning are unaffiliated entities.

