

# Getting (Mentally) Ready to Retire

*Even those who have saved millions must prepare for a lifestyle adjustment.*

Provided by David H. Smith

**A successful retirement is not merely measured in financial terms.** Even those who retire with small fortunes can face boredom or depression and the fear of drawing down their savings too fast. How can new retirees try to calm these worries?

Two factors may help: a gradual retirement transition and some guidance from a financial professional.

**An abrupt break from the workplace may be unsettling.** As a hypothetical example, imagine a well-paid finance manager at an auto dealership whose personal identity is closely tied to his job. His best friends are all at the dealership. He retires, and suddenly his friends and sense of purpose are absent. He finds that he has no compelling reason to leave the house, nothing to look forward to when he gets up in the morning. Guess what? He hates being retired.

On the other hand, if he prepares for retirement years in advance of his farewell party by exploring an encore career, engaging in varieties of self-employment, or volunteering, he can retire with something promising ahead of him. If he broadens the scope of his social life, so that he can see friends and family regularly and interact with both older and younger people in different settings, his retirement may also become more enjoyable.

The interests and needs of a retiree can change with age or as he or she disengages from the working world. Retired households may need to adjust their lifestyles in response to this evolution.

**Practically all retirees have some financial anxiety.** It relates to the fact of no longer earning a conventional paycheck. You see it in couples who have \$60,000 saved for retirement; you see it in couples who have \$6 million saved for retirement. Their retirement strategies are about to be tested, in real time. All that careful planning is ready to come to fruition, but there are always unknowns.

**Some retirees are afraid to spend.** They fear spending too much too soon. With help from a financial professional, they can thoughtfully plan a withdrawal rate.

While no retiree wants to squander money, all retirees should realize that their retirement savings were accumulated to be spent. Being miserly with retirement money contradicts its purpose. The average 65-year-old who retires in 2017 will have a retirement lasting approximately 20 years, by the estimation of the Social Security Administration. So, why not spend some money now and enjoy retired life?<sup>1</sup>

**Broadly speaking, our spending declines as we age.** The average U.S. household headed by an 80-year-old spends 43% less money than one headed by a 50-year-old.<sup>1</sup>

**Retirement challenges people in two ways.** The obvious challenge is financial; the less obvious challenge is mental. Both tests may be met with sufficient foresight and dedication.

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