

# 8 RETIREMENT MOVES YOU'RE Most Likely to Regret

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Who doesn't want to retire? After 40 years of working, you deserve a break. Hopefully, you've made good financial decisions up to this point. Your responsibility to continue that trend doesn't end. **Many retirees make financial mistakes that create significant financial hardships.** Ensure that you can enjoy your retirement fully.

### Avoid these retirement money mistakes:

1. **Quitting work too soon.** One-third of all retirees will live to be over 91 years of age. Avoid the mistake of rushing to retire as soon as possible. Working until age 66 instead of 62 will increase your social security benefits by 25 percent. You can expect social security payments 75 percent higher if you wait until you're 70 years old.
2. **Overestimating investment returns.** Stock market returns can be depressed for 10 years or more. Just because the average return is 7.0 percent after adjusting for inflation doesn't mean it's seven percent every year. **Be realistic in your assumptions about future returns.**
3. **Failing to focus on income.** High returns are great, but most retirees are in greater need of reliable income. Focus on how to turn your retirement assets into a reliable source of income. **Determine how much income you need and place your attention on meeting that goal.**
4. **Spending too much.** Retirees often underestimate how much retirement will cost. You might not have spent much while you were working. After all, you were at work all day. However, now your days are free, and you probably don't

want to sit around the house all day. Playing golf, going to the movies, and eating lunch in a restaurant aren't free.

- Keep a handle on your spending. You're free from work, but you might not be as financially free as you like. Be responsible and take advantage of free or inexpensive sources of entertainment.

**5. Purchasing services that you don't need.** Seniors often get sucked into purchasing silly things that they don't need. They're also frequent targets of scammers. If there's any doubt, contact one of your children or a friend and ask for advice. Spend your dollars wisely.

**6. Ignoring the likelihood of significant medical expenses in the future.** You might be in great health today, but we all die eventually. Medicare is helpful if you're over age 65, but it doesn't cover everything. In addition, the co-pays and other charges can become expensive.

- One study suggests that medical expenses after retirement are approximately \$200,000. If you don't have that kind of money to spend, consider additional insurance.

**7. Keeping the same house.** Many retirees choose to stay in the same home they've owned for 30+ years. It can be hard to let go of the home that housed your children, but that extra space is expensive.

- Be careful of the property taxes and other expenses on a new home purchase. ***A less expensive house isn't always less expensive.***

**8. Not investing appropriately.** It's all about risk. How much can you afford to lose? How long do you think you'll live? Remember that you're likely to live longer than you think if you're currently healthy. Most investors fail to accurately assess the appropriate level of risk for their situation. Get expert advice if you need it.

Money mistakes are common, regardless of age. ***Money mistakes are easier to absorb***

***at 25 years old than at 65 years old.*** Look at the life expectancy tables and determine how long you're likely to live. Assume you'll live even longer than that. Plan your finances accordingly. Be cautious with your money so it will last a lifetime.