TOP 10 WORST FINANCIAL DECISIONS MADE BY RETIREES

Top 10 Worst Financial Decisions Made by Retirees

Even if you've made the perfect financial decisions all the way up to retirement, it's still possible to make mistakes that can make your retirement far less enjoyable than it could have been. ***Making smart decisions is just as important during your retirement years.*** The need to make sound financial decisions lasts throughout adulthood.

As the rules change, your perspective and decision making process should change, too. Retirement is a time to change gears and adjust your financial decisions. Poor decisions can significantly detract from your retirement wealth.

Consider the following poor decisions and avoid them:

1. **Listening to the wrong people.** It seems that we all have a family member or friend that claims to be a financial guru. While your friend may have made great decisions regarding his retirement, it doesn't mean he will have all the answers for your unique situation. ***Get professional advice.***

2. **Failing to educate yourself.**The laws and rules around retirement accounts, taxes, investing, and social security regularly change. Retirement might be a long way off, but that doesn't mean you shouldn't be learning continuously.

3. **Not having a budget or not creating a new budget.**Are you still using the same budget from your working days? ***As your income and expenses change, it's important to create a new budget.***

4. **Not understanding distributions.** Not everyone understands the tax consequences of removing funds from retirement accounts. Simple mistakes

can impact the rest of your retirement. Educating yourself or hiring a professional to create a distribution strategy makes good sense.

5. **Not including your family in your finances.**You might want to consider having a conversation with your children about your finances. ***Will your kids know what to do if you become incapacitated or pass away?*** It might be easier if you let them know your financial situation and provide advice now.

6. **Not diversifying risk.** Many retirees operate with the belief that a savings account, Social Security benefits, and an IRA will be sufficient. However, there are additional steps that you can take to protect yourself against market fluctuations.
    - Spread your risk over a wider range of investments. That probably doesn't mean eliminating all risk from your investments. While your level of risk should change, having too little can mean running out of money before you run out of years.

7. **Failing to maintain an emergency fund.**Many retirees figure it's time to spend the emergency fund. This might seem logical, since the threat of losing a job is no longer an issue. But there are other emergencies to consider. Unforeseen medical expenses are one example.

8. **Failing to do any estate planning.**Estate planning is about taking care of your spouse, children, and any other heirs. It's about considering tax implications so your wealth transfers to the people and charitable organizations that you cherish instead of the government.

9. **Arbitrarily choosing your retirement age.** While you could be forced into retirement by layoffs or health issues, you may still have a choice. ***Begin your***

retirement planning early and work as long as needed. Let your finances be your guide.

10. **Underestimating medical expenses.**While medical expenses seem to always be significant, they tend to be more frequent and expensive as we age.

Keep making good financial decisions into your retirement years. Hire a professional as needed to help you navigate the significant complexities of taxes and distributions. ***Avoid undoing all your hard work by using the above information wisely.*** Your retirement can be every bit as great as you always wanted.