



8 (Non-financial) Steps to Prepare for Retirement

Let's begin by defining "retirement". The Merriam-Webster dictionary defines retirement as "withdrawal from one's position or occupation or from active working life."

While this may be the traditional view of retirement, today this stage of life is much more dynamic, likely because retirees are expecting to live longer lives.

For our purposes, I define retirement as "entering a stage of life where your primary financial goal is no longer earning income and saving, but rather, spending assets in a responsible way."

Retirement Can Have Many Faces

- Completely stopping work for income
- Pursuing a new career or starting a business, for the purpose of:
 - * Personal growth, vs. building savings
 - * Enjoyment and learning
 - * Having extra spending more for additional discretionary spending
- More actively volunteering, traveling, pursuing hobbies
- Caring for dependents (retirement isn't always a joyful choice, but a necessity)
 - * You may have an adult child or other family member that needs full-time care
- You, yourself, may be needing care or have a health concern that forces you to stop working
- In the best case, you have enough assets that the day comes where you are completely financially independent and can make life choices without money in mind.

Now that we have a modern definition of retirement, let's move on to how you can prepare for that time.

I won't be focusing on how to save and invest to accumulate retirement assets. There are hundreds of resources out there for that, and of course, on any other day, I am one. My goal here is to provide steps to help your move into retirement be more seamless.

This is a big step that can be daunting. Here's a look at baby-steps you can take in the years leading up to retirement and in those first few months, to soften the impact.

Making the Most of Retirement – *(Bullet points first, then the details)*

1. Define what retirement means *to you*
2. Decide where you will live and prep your home
3. Focus on your health
4. Discover hobbies that you truly enjoy and are passionate about
5. Practice retiring and learn all you can
6. Update your wardrobe
7. Let your contacts know how to reach you going forward
8. Make a list

One of the best ways to approach retirement is to be flexible and think ahead. Nothing goes exactly as planned, so be ready to adapt. But don't "wing-it." You may lose out on meaningful opportunities by not being prepared. LET'S DIG IN!

1. Define What Retirement Mean to YOU

This is a crucial step. Figure out why you want or need to retire. Write it down in as much detail as possible. Why is retirement important, who else is part of this decision, what's your timeline?

If you've always had particular date in mind, ask yourself if that date still makes sense. Have things changed that might impact your decision to retire? Perhaps you can retire sooner than you thought... would that make you happy?

Retirement isn't about being a particular age. It's about entering a new stage of life. You have control over that, even if some decisions are made for you. Take a look at which parts you have a say in, and with whom those decisions should be made. If you have a spouse or partner, that person will have opinions that you may need to consider. This is especially true if you plan to retire together.

2. Decide Where You Want to Live and Prep Your Home

Now that you know when and why you'll be retiring, it's time to think about where you will live. In my experience working on retirement plans for clients, this is one of the most significant decisions that need to be made, after determining the amount of income and savings required to support their desired lifestyle. Here are some of the questions I often ask:

- Will you be staying in your current home? If so, will updates/improvements need to be made so this can be your retirement home for potentially 30 more years?
- If you won't be staying in your current home, where would you like to live? How much home do you think you can afford (or do we need to run that calculation)? Do you want or require certain amenities, such as access to a beach or golf course, a yard, single-level living, or handicap accessible features? Are any of those items things that can be added later?
- Do you intend to leave your home to anyone? This should be part of the decision making if legacy is important.
- Do you prefer to down-size your current home so that you can afford a second home in a different location? (Think snowbirds in warm climates.)
- Will you down-size your permanent residence so that you can afford to travel for long periods of time?
- If you're buying a new property, are you prepared for liquidity needs? Mortgages and home equity loans are much more difficult to get once you (and/or your partner) have stopped earning an income. Consider getting a HELOC (Home Equity Line of Credit) while the household income is the highest just before retirement.
- Have you considered if your resident state will have financial implications in terms of income taxes?

Once you know where you want to maintain your main residence, it's time to get it ready! Be sure your home is in good condition and not in need of any major repairs. You'll want to make sure maintained and utility costs are in your budget.

Take some time to get your home ready for what comes next! Will you need space for entertaining or for any new hobbies? Will there be grandchildren in the picture? Remember that you'll likely be spending more time at home, so you'll want to make it inviting.



3. Focus on your health

The state of a person's health is a significant factor in having a sound retirement, second only to having adequate savings and income. Here are some tips to help you get ready, physically, to enter a new phase in life.

- Research Your Healthcare Options in Retirement
 - * This will depend on your age when you retire. At age 65, you will likely have access to Medicare (depending any law changes between now and then, so this isn't a given.) If you do have Medicare when you retire, there are many types of plans and coverage variations, so do your homework and/or speak with a Medicare specialist.
 - * If you retire early, there are fewer choices here. On the rare occasion, your employer might allow retirees to stay on their health plan until age 65, and that might include a spouse. At a minimum, you'll have the option to continue your benefits for 18 months under COBRA (again, this is under current law, and you would pay the full cost plus an admin fee.)
 - * Your last option is to purchase health insurance individually from what's available on the open market. In all cases, be aware of enrollment periods and coverage limitations.
- Consider a Full Health Work-up
 - * It's possible that your current health coverage is more robust than what you might choose to have going into retirement. Depending on your age and insurance options at that time.
 - * Take full advantage of current insurance benefits and complete a wellness exam with your primary doctor. They may give you some insight on any issues to be addressed ahead of making changes to your health insurance.
- Give Some Thought to Any Health Conditions That Run in the Family
 - * An important part of planning is anticipating potential "road-blocks" that you might face down the line. Ask yourself these questions: does my family typically have longevity, is there a parent or sibling with a hereditary health condition, do I have any medical history that could complicate my health in old age, etc.
- Be Proactive About Your Wellness
 - * Learn to relax. Join a walking club, exercise class or meditation group (or at least research options for later.) Consider getting a massage on a regular basis and get into the habit of stretching. This is thought to help circulation and improve mobility.
 - * Remember your mental health, too! Studies show that retirees often experience depression when they transition into non-work-life. It's thought that they have trouble finding fulfilling activities and community to give their days significance. Keep reading to learn some ways expand your new social network.

4. Discover New Hobbies

One significant aspect of retirement is that you'll have more time for leisure. You'll want to have things to do! This is the opportunity to learn something new or try an activity you've been curious about.

4. Discover New Hobbies (continued)

You may want to find activities that serve a dual purpose. For example, a hobby in ballroom dance will ensure that you continue to get exercise, while building your social network. I think that's why so many retirees golf. It's a great way to be social and be active at the same time.

For many folks, travel is their passion. But don't just do the kind of travel you're used to. Get yourself out there! Think of foreign places you'd like to visit. Consider hiring a travel agent that has experience in travel for seniors and has been to the places you want to go. You'll want to make these trips as stress-free as possible, so you can enjoy your time. Many retirees simply like to explore a particular area in depth. This may turn into an area to have a second home.

Perhaps you want to turn your focus on volunteering for your place of worship or for a community organization that's close to your heart. This is a great way to give back and find a sense of purpose. Studies show that retirees often face depression when they retire, in part because they lose a sense of identity. Don't lose sight of these considerations.

Finally, retirement is the perfect opportunity to start a new business. When having income to support yourself and your family is not your first priority, you may find that you'll enjoy working to build something new. Here's your chance to put your talents to use in a more creative way.

Whatever you chose, find ways to create a new network of people that share your new passions.

5. "Practice" Retiring and Learn

How? Here are some ideas:

- Consider working part-time or reducing your work hours
- Transition into a consulting position with your current employer
- Work from home if possible
- Take a sabbatical or longer vacations if you can
- Try living only on your retirement income
- Read retirement financial blogs and books
- Talk with friends who have retired

6. Update Your Wardrobe

This may sound frivolous, but it's an easy action step to take that can also be fun! It will get you thinking about what kind of clothes you'll need. It will encourage you to do some "spring cleaning" and donate work clothes that you'll no longer use.

Start by discarding those few items that you have in your closet that you hate to wear. Replace these items with comfortable clothing that simply make you feel good. This will be a fun exercise and it also gets you in the mental space of prepping for the next phase. You'll start thinking about which activities or future work you need to dress for.



7. Let Your Contacts Know How to Reach You Going Forward

Lots of us use our work email and phone number with our personal contacts. That happens when our careers are a significant part of our lives and many of our friends are business-related.

Be sure to let important people know how to best reach you after your last day of work. This includes your professional advisors (like me!) Not only do we need to know about your job change, we will also need your new contact information.

Some possibilities to make this easier:

- Create a personal contact profile on your mobile device that can be shared via text or email
- Create a similar type of contact profile on your email program, such as Google or Outlook
- Consider designing a calling card, which is the personal version of a business card
- Remember to update all of your social media, websites, etc.
- If you've used your business phone/email as your back-up contact information, think about alternates, such as a spouse/partner's contact info being the back-up.

8. Make a List!

No, really. Being organized never goes out of fashion. I personally like to make Excel lists on my laptop, or I use an app like Evernote on my smart phone for things I update on a regular basis.

Write down everything you need to do as you approach retirement. (Hint: this can be part of your list.)