Lifestyle Choices Can Secure Your Retirement

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For many nearing retirement, lifestyle choices become more significant in determining their comfort level for the rest of their lives. They must decide whether it is better to make some of those choices now or have their circumstances force lifestyle changes later in retirement. That's the dilemma faced by many people who have come to enjoy their way of life, but now realize that sacrifices will have to be made in order to maintain a similar quality of life in retirement.

Even for those pre-retirees who were diligent in their efforts to accumulate retirement assets, there is a realization that adjustments will have to be made. Through a combination of recent economic events and the rising cost of retirement, a new vision of retirement is emerging for the majority of people within 10 to 20 years of retiring.

George and Maria are quickly approaching a desired retirement date and find themselves with some difficult choices over lifestyle changes. They live in a $1 million dollar home. They still carry a fair sized mortgage with a monthly payment representing 25% of their income. They also have retirement plans which were, at one point, over $1 million, but have shrunk to about $800,000 because of recent market declines.

They had always thought they would need to replace their large home with a smaller one in order to eliminate the mortgage payment. George and Maria had also discussed other lifestyle changes they could make, like driving more fuel efficient cars, vacationing closer to home, and eliminating one or two restaurant meals each week. Now, with the value of their home stagnated and their investments still down nearly 20%, they should consider gradually making those lifestyle changes starting today. George and Maria could eliminate or substantially reduce expenditures that now require as much as 45% of their current income and apply that to shore up their retirement savings.

Equally important, they will be better prepared, psychologically, for the transition into their new life stage. An increasing number of people are finding that, even with the right financial preparation, they aren't prepared for the emotional or mental shock of retirement. Much of that can be attributed to *sudden* lifestyle changes.

Retirement planning today should incorporate emotional preparation along with financial strategies which should include a lifestyle transition plan. Consider reducing work hours and scaling back other aspects to gradually reach a comfortable balance between pre- and post-retirement lifestyle.

Give us a call [1] if you have retirement questions.

**Fictional characters for illustrative purposes only.*

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