



LANDMARK

WEALTH MANAGEMENT

Seven Themes for Success in Retirement

Joshua Kaplan, CFA®, CPWA®, Senior Investment Consultant

Thinking about retirement can bring a mixture of excitement and trepidation. It is a landmark event in our lives, and the mental preparation is often as important as the financial preparation. Retirement can look different for everyone and in recent years has shifted away from the traditional sense of attaining a certain age and more towards entering a new chapter in your life: retirement is reinvention. However it may look for you, our team is here to guide you.

The themes for success in retirement presented here serve as starting points and are based on conversations we have had throughout the years with our clients regarding fulfillment in retirement. Clients have found it helpful to begin thinking through these themes at least six months and ideally several years in advance of retirement.

Develop a financial plan with your advisor.

Advisors are here for a reason - use us! Hopefully you are in constant communication with your advisor and mapping out your plans for your financial future. If you have not, it is never too late to start. Planning with your advisor gives you the confidence to know whether you are financially ready to pull back from your career.

Our team works with clients throughout their working and retirement stages of life to develop retirement projections and a sustainable level of spending in retirement between their portfolios and other sources of income. We often work through many scenarios and iterations with our clients, and the planning continues through their retirement.

As an individual approaching their retirement window, it is helpful to begin thinking of what level of spending will allow you to accomplish your goals. Classify spending into two buckets: essential spending and non-essential spending. Knowing a ballpark of these figures will help with the planning process and can afford you flexibility if spending needs or market conditions change. Additionally, transitioning from an income generating lifestyle to depending on other sources of income in retirement can be a source of stress, and planning can help alleviate this. Once you have a handle for these items, you can work with your advising team to incorporate this into your retirement planning.

Know when the right time is to step back from your career.

Often people are financially ready to retire but have a hard time letting go. They can miss their optimal retirement exit and keep working while no longer enjoying their career. You should periodically self-assess to take stock of your mental state regarding career enjoyment. The easiest way to get a sense of this is when returning from a vacation or at the tail end of a long weekend. It is always hard to return to work mode after short to intermediate periods off. However, pay attention to how you feel; if your time off no longer refreshes you to return energized and excited to your career, it might be time to trust in your financial plan and begin to scale back.



LANDMARK

WEALTH MANAGEMENT

Ask the audience: Discuss the transition to retirement with retired colleagues, mentors, relatives, and friends.

We spend most of our working lives operating with a set schedule and structure. As exciting as retirement is, it can be jarring to suddenly remove the hard-wired routine we have followed most of our working lives. Many clients have expressed nervousness about filling that time and structure.

We find that clients are swept up in a whirlwind of retirement parties, celebratory trips, and bucket list items for the first six months of retirement. Once this passes though, some clients may feel temporarily adrift or without a purpose.

One of the best resources to prepare you for the transition into retirement is talking with people in your life who are currently retired. Grab lunch or spend time with colleagues, mentors, relatives, and friends. You can hear about their transition into retirement. Often these conversations yield helpful tips for easing out of the career field and may even spur you to think about activities, hobbies, or other careers you may want to pursue in this next chapter of your life.

Some clients have even expressed that they started 'retirement clubs' with close friends sharing similar retirement timelines. Similar to a book club, they would get together and share ideas for how they planned to transition into retirement. Whatever your method, talking things through with retirees or people on the cusp of retirement is a valuable part of the process.

Evaluate whether part-time work is right for you.

A hard stop may not be for everyone. Taking a measured approach through part-time work can be a natural way of testing whether you are ready for retirement. If your current career allows for a scaled-back option, this can be the easiest way to slow the pace but stay engaged. Otherwise, clients find various part-time work outside of their original career fields. Some even take a 'sabbatical' or an extended vacation before ultimately picking up part-time work or another full-time career.

Part-time work can provide a sense of continued purpose that many clients feel would otherwise be missing. The success of the financial plan you developed with your advisor should not necessarily depend on the part-time income—monies earned from this are purely bonus to your financial plan. The real payment is the fulfillment that many clients get from staying engaged in some capacity or another, but with reduced stress in their lives.

Understand what you enjoy doing outside of your career.

Enjoyment in retirement will look different to everyone. A common theme among our happily retired clients is staying busy and having some semblance of routine. A famous quote about retirement goes along the lines of 'retire from your job, but never retire your mind.'

A helpful exercise as you approach retirement is to sit down and list out activities, hobbies, physical activity, volunteering, etc., that you currently enjoy or would enjoy if you had the time to devote to them.

There may be items on this list that you have never tried but think you might like. Set aside some time to see if you



LANDMARK

WEALTH MANAGEMENT

truly do enjoy it before retirement. Do not make the mistake of assuming your time can be filled with something only to realize you dislike it. Understanding what you do not like is just as important as knowing what you like.

Take stock of your post-career social circle.

Researchers have studied so-called 'Blue Zones' or geographic regions in which individuals routinely live to 100 years or older. One of the common factors to longevity found in these communities was maintaining a fulfilling social life¹. Social connections are critical to leading a healthy life. Visiting and spending time with friends and family can be extremely rewarding. Knowing how your social circle may change when you retire is an important exercise. Ask yourself: "Are most of my friends from my work circle, or are they outside of work?"

Depending on the answer to this question, retiring may remove a sizeable social element of your life. Being in the office or virtual office provides a subtle social outlet for many people. Upon retirement, this is significantly reduced, and friendships in the office may not translate over to retirement years.

Understanding where you get your social needs from and planning ahead of time can set the right expectations for social outlets and whether you may need to seek out other outlets aside from your partner.

Communicate retirement goals, plans, and intentions with your partner.

A key part of a successful retirement process is open communication with your partner about their goals for retirement and yours. Ask yourselves: "Where would we like to travel to? Where do we want to live? How important is being near family? What activities do we want to do separately and together?"

Being moderately on the same page here can set the right expectations for retirement and help avoid big surprises or disconnect down the road.

Conclusion

Retirement is an exciting chapter in our lives, and laying the mental groundwork ahead of time is just as important as making sure your financial plan is in order. You cannot plan for all the surprises in retirement, but working through the themes above will help ease the transition into this new phase of your life.

As a funny anecdote on what surprises may pop up in retirement, we had a client retire several years ago. Their entire lives, the husband had worked, and the wife stayed home with the family. At night the husband had a favorite armchair he would always sit in, and during the day, while the husband was at work, the wife would sit in the same armchair. On the first day of retirement, they discovered how different things truly were when they both went to relax in 'their' favorite armchair.

¹<https://extension.psu.edu/longevity-tips-from-the-blue-zones>



LANDMARK

WEALTH MANAGEMENT

About Landmark Wealth Management

Landmark Wealth Management is a trusted, independent, registered investment advisory firm dedicated to helping clients reach their financial goals. Our firm works in a fiduciary capacity on behalf of high-net-worth individuals and families, institutions, and non-profit organizations. We focus on portfolio management, retirement planning, tax planning, and estate and generational wealth planning. Our team is credentialed in multiple areas: Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), Certified Public Accountant (CPA), Certified Private Wealth Advisor (CPWA), and Certified Investment Management Analyst (CIMA). The firm is located in Amherst, New York, a suburb of Buffalo.