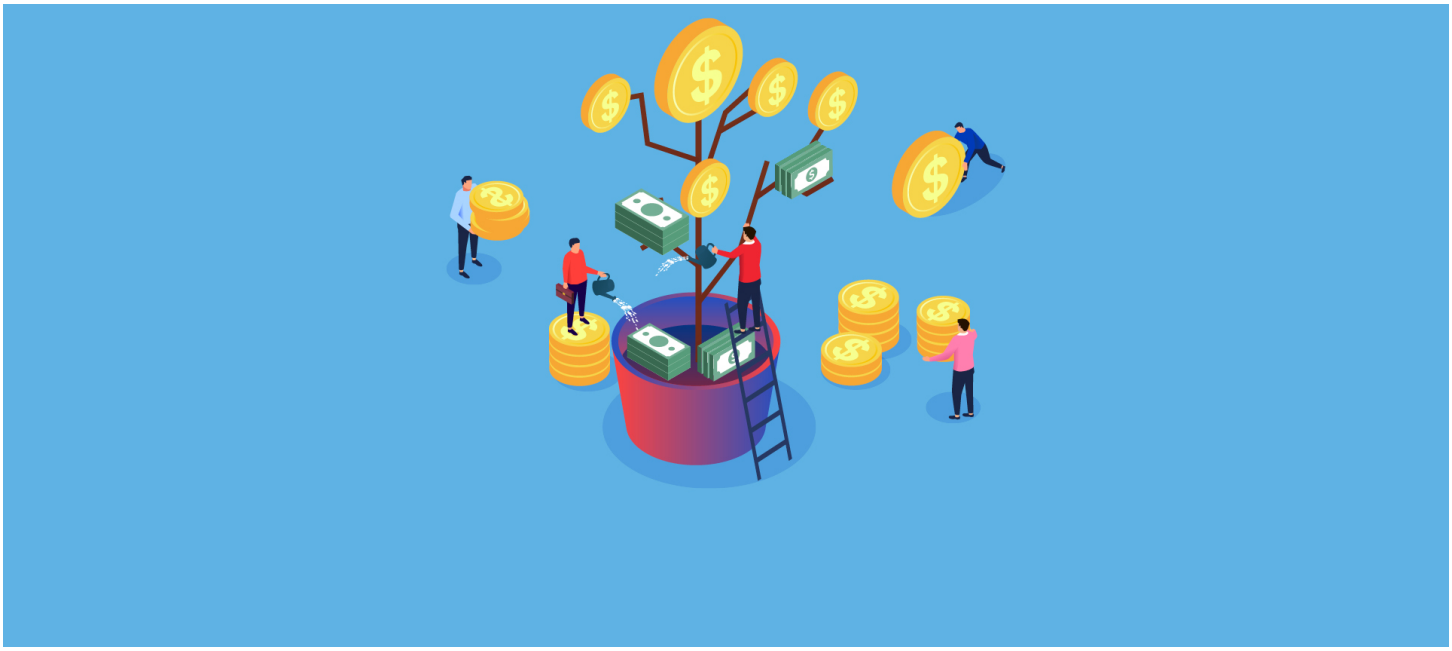


A Financially Savvy Retirement

By Nanci Hellmich

Many people canâ??t wait for retirement. They have visions of playing golf, fly-fishing, reading, volunteering, spending hours with their grandchildren, and engaging in all manner of activities they never had time to do before. But several questions often weigh heavily: Do I have enough money tucked away to make my retirement vision a reality? Or will I end up barely scraping by? Can I afford to continue to live in my current home? Or should I downsize or move to a cheaper area of the country?

Research shows that many people worry about going broke in retirement, even people who have significant savings and investments.

As people approach and enter retirement, they need to thoroughly think through the lifestyle theyâ??re going to lead and make sure they have the financial resources theyâ??ll need, says Jean Duffy, a CAPTRUST financial advisor in West Des Moines, Iowa.

Retirees need to use smart money management skills during these years, adds Jim Pierce, also a CAPTRUST financial advisor in West Des Moines, Iowa. They need to have a concrete plan for how theyâ??re going to pay all their bills because â??there is a human tendency to spend moneyâ?• when they donâ??t necessarily have it. Like, traveling after retirement, for example.

Some experts suggest that in retirement youâ??ll need about 80 percent of your pre-retirement income, partly because youâ??re paying less in taxes and no longer need to save for retirement, Pierce says. But some people find they spend more for the first few years in retirement, and then it tapers down, research shows.

Most people think that travel and healthcare expenses are the culprit, he says. â??However, we see retirees spending money on home improvements and new, sometimes expensive, hobbies during the early years of retirement.â?•

Here are some of the advisorsâ?? ideas for living a financially savvy life in your golden years:

- **Take a hard look at your housing costs.** Home and home-related costs are the biggest expense for people 50 and older, amounting to 40 to 45 percent of their household budgets, according to data from the nonprofit Employee Benefit Research Institute.

  Home-related expenses include mortgages, property taxes, homeownerâ??s or renterâ??s insurance, rent, utilities, home repairs, home furnishings, housecleaning supplies, housekeeping and laundry services, gardening and yard supplies, and gardening and yard services.

  Pierce advises clients to try to pay off their mortgages before retiring, if possible, and to avoid taking any large home equity loans for renovations.

  Duffy agrees. â??I donâ??t like debt for retirees.â?• She says some retirees are willing to make pretty big sacrifices in their living arrangements, such as downsizing to a smaller home or apartment, so they donâ??t have to worry so much about money. â??I think this is a topic that retirees really need to discuss since it is often a large part of their budget.â?•

- **Consider moving to a new location.** If your costs are too high, you may want to move to a less expensive area of the country, says Mark A. Davis, a CAPTRUST financial advisor in Westlake Village, California. The cost of living in less populated areas is usually much less than in urban areas, and moving to a lower-cost area can save you a lot of money over time, he says. It is also important, however, to also evaluate access to quality medical resources.

  Other options: Consider renting a room in your home, or move in with a family member, Davis says.

- **Look into a reverse mortgage**. â??Itâ??s not right for everybody, but it is right for some people,â?• Davis says.

  A reverse mortgage is a special type of loan that allows older homeowners to borrow against the equity in their homes, according to the Consumer Financial Protection Bureau (CFPB).

  It is called a reverse mortgage because, instead of making payments to the lender, you receive money from the lender. To qualify for a reverse mortgage, you must be at least 62 years old; your home must be your primary residence, and you must have paid off some, or all, of your

traditional mortgage, the CFPB says.

- **Invest in your health.** If you take care of yourself, chances are youâ??ll be much healthier and hopefully have fewer medical bills, Pierce says. He had a family friend who lived to age 100. She walked daily, read *The Wall Street Journal* and tracked stocks, he says. â??She was mentally and physically sharp until the end of her life because she took care of herself.â?•
- **Replace your vehicle** with a newer model before you retire. This reduces the chances that youâ??ll have to deal with unexpected repair expenses, Pierce says. If possible, do this without taking much of a loan or pay off the loan before you retire, he says.
- **Have a heart-to-heart talk with your adult children** about whether or not youâ??ll be helping them out financially, Duffy says. If you plan to give them money, tell them the amount and stick to it, she says. â??Setting the boundary upfront prevents problems later.â?•

  She often tells retirees to limit what they give to their adult children so they donâ??t jeopardize their own financial security.

- **Investigate all the options for taking Social Security**. The best age for you to take Social Security depends on a variety of factors, including how much you need the money, your health, and the longevity of people in your family, Davis says. Itâ??s a very personal decision that needs to be carefully researched.
- **Spend your travel money wisely.** There are easy ways to cut your travel costs if you do your research, Pierce says. For instance, renting places on VRBO.com or Airbnb.com is often much cheaper than staying at hotels, he says. Plus, there are often discounted tickets and free events offered at visitors centers.
- **Get a part-time job**. This not only provides some extra income, but it gets you out and meeting people every day, Pierce says. Take time to invest in new skills or improve on the ones you have so youâ??ll be more marketable.
- **Find low-cost entertainment options or hobbies**. Consider taking low-cost or no-cost classes to develop new hobbies or skills, Duffy says. Try different volunteer activities. Get together with friends for walks and other outdoor outings that are free. â??You donâ??t have to spend a lot of money to have fun.â?•

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948, or schedule an appointment with a retirement counselor today.

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