
Transitioning Into the Spending Phase

Retirement

- **What are you going to do next when transitioning into your new lifestyle?**

Are you going to travel more or pick up a new hobby? Plan for expenses associated with new activities, such as yearly fishing trip, a stay in Europe, or whatever else you want to do with your new free time.

- **Estate Planning Documents**

To ensure your family is okay in the event of passing away and the smooth transfer of assets. Meet with an estate planning attorney to discuss important documents, like a last will and testament, power of attorney, and medical directives. Additionally, to take the weight of loss off of your loved ones, do some funeral planning.

- **Health Insurance**

Sign up for Medicare. Individuals who are eligible for Social Security or who already take Social Security can receive Hospital Insurance. The Medical Insurance premium can be deducted from your Social Security if you find it to be beneficial.

- **Emergency Fund**

This is an amount of money in your savings account that should make you feel secure. Ideally, this money should never be touched, and should serve as an extra layer of protection for your investments.

Before you Budget

- **Long-term care**

Think about the current state of your health. Will you need part-time care or full-time care in the future? Do you prefer in-home care or is a retirement home more appealing?

- **Housing**

Will you remain in your home or downsize? Maybe retirement housing will come sooner than later? Consider the costs associated with your mortgage or retirement care when budgeting.

- **The Unexpected Expenses**

You might decide to help your children on their first down payment on a home, a wedding, or even a new car. Be prepared for your own unexpected events, like home or car repairs.

- **Lump Sum or Monthly Income**

There are tax implications associated with an annual lump sum payment. A monthly payment will reduce those implications, allow you to pay your bills, and follow your budget.

Budgeting

- **Mortgage**

Deductions on your home around tax time is money back in your pocket. A monthly mortgage payment will give your investments time to grow and ultimately make you money.

- **Investments**

The design of your investments is important for retirement. You are going to want to reduce your risk, so your assets stay at a level to maintain your financial security and reduce the chance of you being a burden to your family later on. Roll your 401(k) into an IRA; it gives you more control of your investment choices. Finally, be aware of your required withdrawal rates and how it will supplement your budget.

- **Social Security**

Can you wait until age 70 to take Social Security? The longer you wait the higher the amount you will receive monthly.

- **The Budget**

Keep track of your expenses for one year before retirement. Know what you spend and plan accordingly to ensure your financial independence through retirement.