

40 Things Every 50s -Something Should Know About Retirement



People in their 50s who are nearing retirement have a lot on their plates. Between loans, adult-age kids and other responsibilities, it can be hard to prioritize everything. However, it's never too late to prepare yourself for those retirement golden years.

1. Create a Budget — Now

Look at your spending to figure out where your money is going and you need to start budgeting so that you'll have enough savings for retirement. Look at your bank account statement and analyze about your spending habits.

Often couples are unaware of each other's spending habits until they create a budget. So, have a serious talk with your spouse about establishing spending controls and setting aside funds for your future.

2. Create a Post-Retirement Budget

How much you spend in retirement might differ dramatically from what you spent during your working years. That's why pre-retirees need to create a post-retirement budget,

To do this, you will need to determine your retirement income, including how much you expect to withdraw from your investments. Going into retirement without a post-retirement budget is a good way to overspend in your early years.

3. Test-Drive Your Post-Retirement Budget

Once you have a budget set, try living on your post-retirement budget for the year leading up to retirement. Doing so "will help you adjust to the changes" and "psychologically transition to your post-career life," It'll also give you time to figure out if you're even ready for retirement or not so you can tweak your plan before the big day comes.

4. Avoid Lifestyle Inflation

The years leading up to retirement are when your income will likely be at its highest.

Keep your budget the same in spite of salary raises. That will boost your retirement nest egg and allow you to live on a fraction of your last income in retirement.”

5. Identify Income Sources

Review and list guaranteed income sources — like pensions and existing annuities / investments Portfolio — as well as income-generating investments taxable investment accounts and savings accounts, to get ready for retirement.

If you have any doubts about your ability to cover any of your retirement expenses, or legacy goals, get some expert help. A financial advisor can provide additional perspective, advice and solutions to help you reach your retirement goals.

6. Lengthen Your Long-Term Plan

These days, some people who retire in their 55 to 60s live until they're 80/85+years old. That's a 25 to 30 year gap of time you'll need to fill with meaningful experiences and will also need the money. Don't retire without knowing what you want to do with the rest of your life — and how you'll afford it. Start preparing a retirement plan that will last you decades.

7. Automate Your Savings

Automate savings each month to increase your retirement contributions without much effort. You can speak to your financial advisor about investing through SIPs/RD/Regular per month savings. Not only is it one of the best ways to save for retirement, but automating savings is a less painful way to save — and you'll hardly notice the money is missing.

8. Pay Yourself First

The golden rule of personal finance is to pay yourself first, and it's especially important when it comes to saving for retirement. It's the most effective way to build a large nest egg. So, before you pay the loan or any other bill, put some money directly into your retirement planning fund.

9. Have a Retirement Goal Age

You'll need to decide ahead of time when you will retire. After all, the age you retire will affect retirement planning fund and how you approach your retirement savings strategy. You should also speak with your employer about when you plan to retire so you can work together to form an exit strategy.

10. Put Extra Money Toward Retirement Savings

Any extra money that comes your way should be put into your retirement savings. Whether it's a birthday gift or a bonus from work, keep it away in investments into mutual funds/ other investments so it starts gaining returns.

11. Consult a Financial Advisor

Retirement planning can be difficult on your own. Look for a financial advisor who will work with you to put together an individualized, strategic plan to ensure your retirement funds last.

12. Figure Out Your Retirement Income Gap

One important part of retirement planning is figuring out if you have an income gap. To determine whether you have an income gap, estimate how much money you'll have to spend in retirement each year. If you can't sustain the lifestyle you plan to have in retirement, then you have an income gap and need to find ways to close it

13. Create a Distribution Strategy

The accumulation and distribution of assets require two entirely different strategies and, particularly for those with a long retirement horizon, there will likely be a need for simultaneous accumulation and distribution plans.

It is key to work with someone who is knowledgeable about distribution in this phase of life. Distribute too much or earn too little, and you risk not having enough capital to make it through retirement.

14. Review Family Financial Obligations

An emotional drive to help loved ones financially can erode a nest egg.

Helping out family and friends is great, but don't do it at the expense of your retirement savings. Outliving your resources is a real risk. So, even if you think you have the cash available, seek professional advice before making a decision.

15. Don't Dip Into Your Retirement Funds Early

Don't touch the money you've already saved for retirement. Withdrawing from your retirement funds too early will not allow your funds to grow. And, at this point in the game, it's more difficult for people in their 50s to make up for losses.

16. Close your loans Before Retirement

Focus on paying down all debt and downsizing — if necessary — because living debt-free in retirement means living stress-free.

Of course, don't focus so much on paying off debts that your retirement contributions suffer. Find a balance between debt repayment and saving money.

17. Downsize Your Lifestyle

When you retire, chances are you'll have less income to live your retirement years. If you're used to eating takeout every night or taking expensive foreign vacations every year, you need to adjust your mindset come retirement. Otherwise, you might be short on savings.

18. Upsize Your Savings After Downsizing

If your adult-age kids have moved out of the house and you have a lot of empty space, it might be time to downsize.

Downsizing from a 1.5 cr house to a 75 lacs home is a great way to make your retirement nest egg last longer, and such a move will save you extra money every year. That's a lot of extra cash you can put toward debt repayment and savings.

19. Build Emergency Savings

Even if you live a relatively safe lifestyle, you need to plan for the unexpected. A car accident, medical emergency or other unfortunate happenstance can derail your finances. Plan for the worst, and save up an emergency fund with three to six months of living expenses.

20. Start Saving for Retirement No Matter How Old You Are

Even at the age of 50, it is never too late to start saving for retirement. You still have 10 or more years to save.

21. Reduce Your Tax Bill

Even if you have a lot of money saved, taxes can eat into your retirement income. Make sure you use tax-advantage retirement investments and other strategies to help reduce or eliminate your tax bill.

22. Avoid Checking Your Portfolio

As you near retirement, you might start feeling anxious. But don't start checking in on your investment portfolio every day or week. Stick to the general rule of checking your portfolio once or twice a year and rebalance it only after seeking advice from your Financial Advisor. Otherwise, your emotions might kill your investments.

23. Get a Part-Time Job

Some retirees can't stand all the free time that comes with retirement. Working part-time can help keep you and your brain active. If working under someone doesn't sound ideal, though, look for ways to turn your hobbies into extra income.

24. Add Up the Costs of Traveling

Being retired means you'll have extra time to travel, but traveling costs do add up. Opt to travel during the off-season to cut costs, and research the top vacation spots for retirees for low-cost options.

25. Take Trips With Retired Friends

Have friends or family members who are also retired? Consider taking a trip with them rather than by yourself. You'll likely save money on housing, transportation and more.

26. Have a Hobby

Retirement is the perfect time to pick up old hobbies. Plus, the right ones can even save you money. For example, taking on Do It Yourself projects can help you save money on gardening expenses or home renovation costs.

27. Make Fitness a Priority

For the first time in many people's lives, retirement is an opportunity to make fitness a priority. Regular physical activity is directly correlated to happiness and good quality of life and staying healthy will help you save on medical costs in retirement.

28. Learn From Others

Retirement can be a tough landscape to navigate, so talk to advisors, family and friends for retirement advice. From there, you can design a custom retirement plan that best suits your needs.

29. Focus on what's Important

If you're working with a financial planner, make sure your investments suit your needs — not your advisor's. Have a clear idea of what you want in retirement, whether it's travelling or spending more time with family, and then communicate that to your planner.

30. Delay Your Retirement

If you and your financial planner find that you need to accumulate more savings before you enter retirement, it might be a good idea to delay your retirement, if possible. This can give you some much-needed extra time to catch up on your retirement savings.

31. Don't Let Your Children Ruin Your Retirement

Saving for retirement should come before paying for your adult kid's college tuition, education loan or other expenses. Remember: Your children can always take out loans for college, cars and houses, but you can't do the same for retirement. Don't let your kids become a financial burden in your golden years.

32. Make a Retirement Bucket List

You've worked your entire life for retirement, so create a bucket list of everything you want to do in your golden years. Whether it's seeing the pyramids in Egypt, taking up a dance class or buying the yacht you've always wanted, it's important to have goals and plans in retirement that will keep you excited — and motivated to save.

Discuss your bucket list with your spouse, and pin it up somewhere in your home to remind you of your upcoming adventures.

33. Reduce Your Portfolio's Risk Profile

The worst time to take a negative in your portfolio is right before retirement. It will directly affect how much you can live on during retirement.

Contact a financial planner or take an online survey to determine your risk tolerance and adjust your portfolio accordingly. There have been people who have to work an extra two to four years because they failed to take this step when close to retirement.

34. Declutter Your House and Mind

“Clearing our mental clutter is an essential step to getting ready for the next chapter in our lives, which often includes getting rid of old things.

Not only are these items unlikely to be worth as much as you think, but the odds are also good that your family members won’t hang on to them.

35. Build an Ultra-Emergency Savings Fund Account

The standard advice for emergency savings accounts is to have 6 to 12 months’ worth of living expenses. However, if you plan to no longer have earned income, increase your emergency savings to 18 to 24 months’ worth.

For the 12 months leading into retirement, cut your expenses and put all additional savings into your ultra-emergency savings account. That way, it can help keep invested assets secure, if and when an unexpected financial emergency occurs.

36. Review Life & Health Insurance Coverage

When you retire, you might lose the group life & Health insurance coverage offered through your employer.

If you still have financial obligations such as dependent children, a personal loan or a car loan, consider buying a private life insurance policy if you're entering retirement with debt, or if you would lose benefits if you or your partner dies.

37. Plan for Healthcare Costs

Healthcare is no small expense in retirement. Provision for healthcare emergency fund and upgrade health insurance before retirement

38. Get Organized

Organization doesn't just make your life easier in retirement; it also ensures loved ones can easily find key documents in case of an emergency and if you're unable to access them yourself.

Compile critical information in a safe place, such as a fire safe, keep paper copies of important documents, in case you lose the electronic.

You should also make a list of all your online accounts and passwords, such as your bank and investment accounts, so your family can easily find this information when the time comes.

39. Check Your Emotional Readiness

Just because 'everyone' retires at age 55 to 60 doesn't mean you have to do the same. Before leaving your career, ask yourself if you're retiring because it's something you look forward to or because it's something you expected to do at a particular age milestone.

If you're constantly asking yourself, "Am I ready to retire?" and never pulling the trigger, you might want to hold off on quitting your day job.

If you are very unsure of the decision to retire, and have a choice, then don't do it. Working longer, perhaps at something new and different, can help you maintain yourself, both financially and mentally.

40. Action

If you're only going to go through the entire 40 things and think about implementing it later, it will be of no use and will not benefit you at all.

The time to act upon is now. Many aspects might make you confused and you might face difficulty in being objective and implementing the same, seek a financial advisor that can help you guide through you tough time and help you sail through your retirement with ease.

Carefree Retirement solution is Ahmedabad's first specialized financial planner for retirement planning. Our goal is to provide you best possible solutions to create wealth on retirement and at the same time to make the post retirement transition as smooth and as enjoyable as possible. We work dedicatedly to ensure that your family can maintain an optimum lifestyle in this high inflationary environment and also meet regular financial goals as and when they come; without affecting most important financial goal of retirement planning.

Chetan Upadhyay is a brain-child behind this venture. He is a certified financial planner and possess masters degree in commerce. He is in this field since march 2005 and in these past 14 years, he has witnessed an urgent need of robust financial planning for each and every citizen of India for their own retirement. He fears that in few decades India will be standing at the edge of being considered as an old age country without financial support for their citizen.

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