



How to Future-proof your Retirement

By Jeannie Larsen, Chief Human Resources Officer

People who are nearing retirement age can be overwhelmed with stress and anxiety about living on a fixed income. Future-proofing is the process of anticipating the future and developing methods to minimize the effects of shocks and stresses of future events. If you are planning to retire in the next 10 to 20 years, there are things you can do today to future-proof your retirement.

Plan, plan, plan. You can estimate your monthly expenses and the size of your check from Social Security. But, there will also be unforeseen expenses, like car repairs, home repairs, and medical bills. Working with a financial planner can help you build a “cushion” for unexpected expenses, and also plan for travel and other retirement activities.

Cut the cord with your children’s financial dependence. Many of us help our adult children with down payments, college expenses, weddings, and

“If you are planning to retire in the next 10 to 20 years, there are things you can do today to future-proof your retirement”

emergency needs. Once you are on a fixed income, giving money to your children will deplete your own retirement savings. It’s important to have a conversation with your children now, while you are still working, and encourage them to begin building an emergency fund of their own.

Prepare for rising health care costs. Americans become eligible for Medicare at



age 65, however, the benefits of Medicare change frequently and you will still have to pay co-insurance and deductibles. Do your research about Medicare benefits at www.myMedicare.gov. A good way to anticipate rising health care costs is to purchase a supplemental plan that will cover health expenses not covered by Medicare.

Be realistic about Social Security income. Although you have been paying into the Social Security fund your entire working life, it was never meant to be your sole source of retirement income. The current full retirement age is 67, and your maximum benefit kicks in if you delay drawing Social Security until age 70. There will eventually be too many retirees for all of us to draw our full benefit. Make the call to the financial planner and start saving now.

Eliminate on-going debt. If you want to reduce your stress in retirement, practice living within your means and work on clearing up debt before you retire. Plan to pay off your mortgage and close out credit card balances while you are still working, which will take the pressure off your fixed income later.

Plan for inflation. Did your parents or grandparents live to be 100 years old?

If you are in good health at retirement and expect to go the distance, there will likely be a fair amount of inflation after you transition to a fixed income. A good financial planner can help you estimate the amount of money you will need to save based on your life expectancy and lifestyle, adding in for inflation.

Write it all down. People who write a will and communicate their wishes to their children and significant others bring calm to their loved ones at the time of their illness or passing. Don’t want to go to a nursing home? Let your children know now. Don’t want your estate to go through probate? Call an attorney today and get a simple will put in place. Documenting your end of life decisions will help eliminate much of the guilt, confusion and family squabbles down the road.

Being proactive will help you to thrive in retirement, even on a fixed income.

For more information on retirement planning and the anxiety it can cause, contact Southeast Health Group at 1-800-511-5446, or visit www.southeasthealthgroup.org.