

Aging and Retirement

My grandmom used to say that she wished that she came up with the following bumper sticker; “Getting old sucks!”

In all fairness, she’s not the only person to ever make that proclamation. As we get older, simple tasks that we used to take for granted become more of a chore. Things like laundry, going to the store, or just getting out of bed in the morning without excruciating pain are just a handful of examples.

As a result? You have to hire an aid. And, there are all sorts of medications to keep you as mentally and physically sharp as possible.

Even if you’re tip-top shape, and you enjoy the benefits of being older and wiser, you still have to worry about the dreaded “r” word.

Why Retirement Isn’t in Our Vocabulary

We all know that we should have something set aside for retirement. I mean we’re not just going to be able to pluck cash from a magical money tree. Unfortunately, a majority of us aren’t prepared for retirement – 64% of us to be exact.

But, why are we doing this to ourselves?

“I don’t know where to start.”

Yeah. Planning for retirement can be intimidating. But, don’t use that as an excuse. Make an appointment with a financial advisor and utilize resources like the Due blog.

“It’s not the right time.”

To be frank, there will never be the “perfect” time to save for retirement. The sooner you start, the better. But, if you’re over 55, then the IRS allows for catch-up contributions.

“My schedule is too full.”

While there is an initial time investment, once you get started, a financial and/or robot-advisor will do the bulk of the work.

“I want to play now.”

Totally get this. But, you can still budget for things like travel or experiences and still put money aside.

“I’m living paycheck to paycheck.”

Probably the most valid reason. However, consider making the most out of your employer’s 401(k). For the self-employed, you can turn to a solo 401(k) or SEP IRA. Also, look for ways to trim expenses or earn more money.

“The government’s got back.”

While dwindling, I doubt Social Security and pensions will completely vanish, payouts may not be as much. So, make sure that you have other retirement vehicles to be safe.

“I’m contributing to a 401(k) and IRA.”

Awesome. But, again, the more retirement options you have, the better you’ll be down the road.

“I’m rich!”

Bully for you. But, unless you have over \$2 million in persona

net worth, you might want to bump the brakes here.

“There’s a big inheritance coming my way.”

Is that set in stone? Have you also considered that you might retire before this happens as well?

“I’m nervous about retirement.”

Retirement can be scary. But, think about the positives, like being able to spend more time with your family, traveling, or picking up no hobbies.

“I’m going to keep on working.”

Older Americans are either unwilling or unable to retire. In fact, 1 in 4 adults over 65 is in the workforce. But, how long can you realistically keep this up?

“I have no idea how much I’ll need for retirement.”

This is a concern for a majority of us. But, take the first step by thinking about what you want your retirement to look like. And, you can use retirement calculators, such as Due’s Annuity Calculator, to come up with an amount.

Aging & Retirement Issues

“We are all concerned about our financial portfolio, understandably, but one’s psychological portfolio is just as important,” Nancy Schlossberg, an author, and lecturer who specializes in retirement and coping with transitions told *Barrons*. “That means your psychological identity, your relationships, your purpose. Those are the things that change as you retire.”

It's true. Research shows that adjusting to retirement can be a challenge. Mainly because you feel like you no longer have a purpose.

When you don't feel as productive or useful, this can take a toll on your physical and mental health.

But, that's just one issue you'll have to address when it comes to aging and retirement. Other considerations include;

- Boredom
- Isolation and loneliness
- Physical and cognitive decline
- Loss of independence, like not being able to no longer drive
- Regrets? You may have a few.

Picking up a hobby or learning new things can definitely help. As does volunteering, adopting a pet, or working part-time.

When planning for your retirement, take these into account. You want to have enough money to have fun and cover healthcare costs. You should also think about relocating to a retirement community. Retirement residences can assist you in coping with these obstacles that you'll face as you age.

Working Later in Life is a Mixed Bag

As mentioned above, more and more older Americans are continuing to work later in life. Some prefer this because they enjoy what they do. And, it provides a sense of purpose.

For others? They may not have a choice. There are lots of people who remain in the rat race because they need the money or benefits.

But, it wasn't always this way.

“For well over 100 years, men had been retiring at earlier and earlier ages,” says Nicole Maestas, an associate professor of health care policy at Harvard Medical School. “Something shifted in the 1990s, and they began working longer. The story for women is different. They weren’t always in the labor force. But now we see employment rates rising for women at every age.”

Believe it or not, this has a lot to do with health. Life expectancy has improved. Jobs aren’t as physically demanding. And, folks in their 60s are healthier today than they were 50 years ago.

Also, education levels have risen. That means those who are more educated can work at any age.

Is this actually a good thing?

Well, working later in life can go beyond income. It’s also good for your health. In fact, it’s been found that those who work over 65 have reported less serious health problems like cancer, heart disease, and dementia.

However, there are some disadvantages as well.

For starters, work-related stress can lead to coronary artery disease and stroke. You may also risk injury. And, if your job is mundane, you can become bored or burned out.

The verdict? Well, it depends. But, if you’re able to, working can keep you mentally, physically, and socially active. And, it will also put a couple of extra bucks into your pocket.

When I’m 65

65. In terms of retirement, it’s a pivotal age. As such, you must be aware of the “rules for Social Security, health care, taxes and retirement savings for age 65 so you can make the most of your benefits and avoid costly

mistakes,” writes Kimberly Lankford for the AARP.

- **You still haven’t reached the full retirement age for Social Security.** Born after 1960? Social Security tops out at 67. You can take early benefits at 62, but payouts will be reduced.
- **You’ll be able to sign up for Medicare.** You can get covered through Medicare at 65. “But the sign-up rules are tricky if you haven’t started receiving Social Security benefits yet,” explains Lankford. “If you enrolled in Social Security early, you’ll automatically be enrolled in Medicare at 65. But if you haven’t signed up for Social Security, then you need to take steps to enroll in Medicare.”
- **You can use your HSA for more expenses.** “A health savings account (HSA) can provide a triple tax break: your contributions are tax-deductible (or pre-tax if through your employer), the money grows tax-deferred, and you can withdraw it tax-free for eligible medical expenses at any time,” she adds. “Also, at 65, you can withdraw the money tax-free for even more expenses.
- **You’ll get a bigger standard deduction and other tax breaks.** At 65, you qualify for a larger standard deduction when you file your federal income tax return. You may also qualify for additional state or local tax breaks.
- **There’s still an opportunity to save for retirement.** If you’re working, even if it’s part-time or freelance, you can continue to save for retirement. With a Roth or a traditional IRA, you can do this at any age. IRA contribution limits are up to \$7,000 for those 50 or older.

How to Get Ready for Retirement

Aging doesn’t have to suck. And, neither does preparing for your eventual retirement if you take the following 5 steps;

- **Define your retirement lifestyle.** Envision how you want to spend your Golden Years so that you can plan accordingly. If you want to travel the world, you'll need a diversified portfolio to build your wealth. Also, an annuity can provide a guaranteed monthly income, and knowing that today can guide you in creating a budget.
- **Mark your calendar.** Know important deadlines for Medicare, Social Security, IRAs, 401(k)s, and when employer-sponsored retirement plans kick in. Also, note when you can make catch-up contributions and withdrawals.
- **Stop wasting money.** Evaluate your spending so that you know what to cut. Those savings can be put towards your retirement.
- **Make a health care plan.** Prioritize your health today. Also, make sure that you have enough to cover your future healthcare expenses like insurance and long-term care.
- **Plan for bumps in the road.** No matter how well you have meticulously planned for your retirement, the unexpected is right around the corner. Covid is a prime example. Having an emergency fund can help address the unforeseen.

As writer and activist Betty Friedan once said, "Aging is not lost youth but a new stage of opportunity and strength." Don't fear getting older. Make the most of it by having a retirement plan today.

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