

## Will Your Current Retirement Monies Sustain You for the Rest of Your Life?

By Wayne Schatz, member of the local AARP Community Action Team

When we retire, most of us want to keep our household spending around the same as it was before retirement. This means that our standard of living will remain about the same. This is the dream of all retirees.

Each year, retirees see their retirement money covering less and less of their expenses. Costs of medicine, housing, transportation, insurance, and food have gone higher. That means that their retirement dollars are not keeping up with inflation.

I have done some research on the sustainability of retiree funds to meet the long-term needs of retirees. I recently found a written summary from the “Consumer Financial Protection Bureau” that addresses this problem. I would like to **summarize some of the facts** that this paper addresses. After my summary, I will share some things that you can do to help use your retiree funds wisely.

If you would like to read the whole research paper on “Retirement Security and Financial Decision-making”, contact the Consumer Financial Protection Bureau (cfpb) on the web.

The first years in retirement are, on average, retirees’ most expensive years. Furthermore, a growing number of retirees are not experiencing the expected gradual reduction in spending after they retire.

The study identifies ways to increase retirement preparedness and how retirees can protect themselves from overspending their savings in early retirement. The report contains charts, graphs, and tables with facts and figures to show the report’s conclusions. This report describes the findings of the study, and highlights decisions you should consider protecting your financial security **before** and **after** retiring.

CFPB Study findings—

1. Nearly half of all retirees did not have the ability to maintain the same spending level for the first five years after retiring.
2. Two-thirds of younger (early) retirees did not have the ability to maintain the same spending level for the first five years after retiring.
3. Retirees who were unable to maintain the same spending level after retiring reported large reductions in spending as they aged.
4. Decisions about debts, investments, pensions, and Social Security are related to one’s ability to maintain the same spending level after retiring.

The study findings stated above raise some questions that we need to be asking ourselves. Where do I fit into this picture? What obligations and commitments affect my future retirement resources? What can I do to change my retirement picture and help me sustain my lifestyle?

Here are some things that are suggested for retirees.

1. Make sure you have a retirement plan in place (written down). What do you want to do during your time as a retiree? Travel, golf, visit family, or take up a hobby? All of these are great things to do with your time, but make sure you have the finances in place to do them without going into debt to do them. Are you planning to stay in your current home, or will you be relocating to a retirement community?
2. It is important that you know your expected retirement income and expenses. This is especially important if you are retiring with a mortgage, credit card debt, or loans. Know what interest you are paying on these items. Older consumers often spend more on their health care and \or long-term care needs in later life—be aware of any needs in this area.
3. If you have a mortgage and are making a monthly payment on your fixed income, plan to get your mortgage paid off. Set a date to get it done. Remember that not only do you have the mortgage, but you are also paying interest on that mortgage. Before paying off your mortgage, you may wish to discuss any tax and estate implications with an attorney, tax accountant or other financial professional.
4. Be careful when getting a new mortgage, refinancing, or tapping into your home equity (reverse mortgage). Also, be aware of the continuing expenses of getting new credit cards, or long-term loans for cars, household items, home repairs, or equipment. Many of these items can have big interest rates if not paid on time.

I wish that I had more time and space to share more of the information contained in this study. But as a retiree myself, I do try to follow the above advice.

I want to thank all those individuals, either locally or around the state, that continue to help retirees live within their means. I hope that all Wyoming retirees will follow the above advice and have sufficient funds to cover their desired lifestyle.

Happy and fun times in your retirement days!