



Retirement Expectations vs. Reality

You can't always envision what will happen in your "second act."

Just as few weathercasters can accurately forecast a month's worth of temperatures and storms, many retirees find their futures unfolding differently than they assumed. Your assumptions may be tested as well.

You may retire sooner than you anticipate. A majority of pre-retirees polled in the 2016 Transamerica Retirement Survey believed they would still be working at age 65, and you may be similarly confident. Unforeseen events might surprise you, though. A health challenge, a layoff, or the need to care for a loved one may lead you to retire earlier. The average retirement age in America is not 65, but 63. If you retire at 63, you can claim Social Security but you will likely be ineligible for Medicare.¹

You may need less money as you age. This is because retirees generally spend less than pre-retirees. Government Accountability Office data shows that Americans spend the most from age 45-49. On average, people aged 65-69 spend 20% less than that. Those 80 and older spend 46% less.²

You and your significant other could need more "me time." When a couple retires together, a relationship may change – to the point where spouses are together nearly the whole day. Some couples like that; others don't.³

Living on less income will become your norm. That means you may have less money for discretionary spending – shopping, eating out, and splurging – than you once did. Earning significant income in retirement may be a challenge, and earning too much may result in your Social Security benefits being taxed.

As retirement draws near, a review of your retirement plan is vital.

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¹ fool.com/retirement/2017/05/28/dont-make-these-7-social-security-mistakes.aspx [5/28/17]
² cbsnews.com/news/how-much-retirement-income-do-you-really-need/ [3/3/16]
³ money.usnews.com/money/blogs/on-retirement/articles/2016-09-08/5-first-year-of-retirement-surprises [9/8/16]