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## ESSENTIAL RETIREMENT QUESTIONS

### TO ASK YOURSELF

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***“For those contemplating retirement, there are a number of non-financial issues to consider. This article addresses some of those issues”***

*McCarthy Asset Management, Inc. is an independent, fee-only investment advisory firm that has been helping people invest wisely for over fifteen years. Our mission is to help you better understand and improve your financial situation. We specialize in Retirement Planning, Portfolio Management and Tax Planning.*



As a financial planner, I have spent a lot of time digging into clients’ financial situations to help them determine if they are ready for retirement. We compare their income and assets with their retirement spending goals and calculate the probability of success. We help them figure out when to take Social Security benefits. We look at the tax ramifications of retirement income and tackle other retirement considerations. Certainly, it’s important to be in good financial shape when you retire. However, that is not the whole story. After decades of working, entering into retirement is an enormous life transition. Before you dive in, it’s wise to examine what that new life will look like. For couples, it’s critical to talk these things over and understand your partner’s viewpoint.



#### **When will you stop working?**

Some people want to retire as soon as they can. Others want to keep working as long as they are capable. Considerations include job burn out from stress on the job or the physical toll the job may take on your body. Then there is the social aspect of your job.

If you enjoy the people you work with and the clients you serve, you may be less inclined to leave it all behind. Additionally, you must consider how realistic it is to continue working. In certain fields, employers want younger workers. Some workers may have a job that can be scaled down to part-time. You can potentially convert to a consultant or independent contractor. This can be an excellent way to ease into retirement, especially if you need some income or want to keep your foot in the door.

#### **Where will you live?**

This is a big decision to make when you retire. You may want to leave the hustle and bustle of the Bay Area and go someplace quieter and less expensive. You may want to be closer to your children. Or it may go the other way, you don’t want to leave your family and friends and start a new life somewhere else. Selling a home you have lived in for decades can evoke a strong emotional response.

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### **What does a typical day look like when you retire?**

Humans are creatures of habit. Most people have a daily routine. Replace your work day routine with a retirement day routine. It will look different and will be more flexible. Routines reduce the stress of deciding what to do each day and can keep boredom at bay. You may schedule long stretches for traveling. Fill your day with hobbies, such as: golf, hiking, gardening, DIY projects, baking, reading, the list is endless. Do volunteer work. Volunteering at something you enjoy can replace some of what you gave up at work. Learn something new. Take a class, get a degree, or master a new skill. It can help you establish a new social network and keep your mind active.

### **Do you have a bucket list?**

When you are in the workforce sometimes there is just not enough time to pursue your life long dreams. Make a bucket list and start achieving those deferred goals. Also consider that as you age, your life will change as well. You may be an adventurous traveler in your 60s, but find navigating a foreign country or climbing a mountain too difficult in your 80s. If you want to visit Machu Picchu, it might be better to do that early on and save a cruise around the world for later.

### **Are the stars aligned?**

Are you and your spouse on the same page with goals and expectations? If you are both working, will you retire at the same time? Dorian Mintzer, author of "The Couple's Retirement Puzzle: 10 Must-Have Conversations for Creating an Amazing New Life Together," has put together a short quiz to help couples prepare for retirement. Taking the quiz will help start a discussion and open the lines of communication. My husband and I first took the quiz in 2007 and found it useful. Our answers have changed some over the years. We have attached a copy of the quiz to the email that was sent for this Monthly Commentary.

### **Do you have a Plan A and Plan B?**

Presently, we are in the middle of an extended "lockdown" period. We have all made adjustments in our lives. Some adjustments may be good. We are spending more time with our families and spending less money. On the other hand, big events like weddings and travel abroad have had to be delayed or downsized. Sometimes things don't work out as you expect. You or your spouse may have health issues. Your spouse may die unexpectedly. COVID-19 or another unanticipated event restrains your plans. If for one reason or another retirement doesn't go as planned, you will have to adapt. Make a Plan B.



## Our Services

### Investment Management Services:

- MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.

### Financial Planning Services:

- The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.
- "Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.

### Tax Services:

- Clients have the option of utilizing the income tax services provided through the firm Stephen P. McCarthy, CPA. These services are offered at an hourly rate and may include:
  - Tax Return Preparation
  - Income Tax Projections
  - Tax Minimization Ideas
  - Tax Authority Representation

### Other Services:

- MAM has retained several outside experts, whose services are available at no cost to our clients:
  - Medicare Planning— Eileen Hamm of Superior LTC Planning Services, Inc.
  - Long Term Care Planning— Allen Hamm of Superior LTC Planning Services, Inc.

## What is my plan?

Personally, I am about to step out of the fulltime workforce and into retirement. I have a loosely constructed lifestyle plan. I will continue to do a little work on my own in the tax field. I may do some volunteer work in a finance related field. I plan to take an art history class. I have lots of hobbies I want to pursue. I enjoy doing crafts and gardening. I love hiking. I might never make it to Machu Picchu or the Camino de Santiago, but I still have many National Parks here in the U.S. left to visit. My husband and I have had big plans to travel abroad, although for now those plans are on hold. Instead, we will implement our Plan B for travel. We may go back to our home state of Massachusetts for a month next year, and visit with family and friends. Something we might not have done if not for international travel restrictions. Who knows, I may find something totally new with which I really enjoy filling my days.