

Dollars & Sense

Realities of retirement

By Jen Bingham For Custom Publications

Retirement can be a wonderful time of life, but it also brings changes and challenges. Almost everyone is excited the first day of retirement, but that new reality can become less exciting as life goes on.

Manage your money

Money managers estimate that American workers will need to maintain at least 85 percent of their preretirement income to support themselves in retirement. But you need to know your budget inside and out before you retire, rather than making plans based on untested assumptions.

"If you've been tracking your spending for five years, you know how much you spend on gas, clothing and travel," said Juli Erhart-Graves, president of Worley Erhart-Graves Financial Advisors in Indianapolis.

She recommends using a program like Quicken to chart expenses and create a budget. When you're retired, keep an eye on

your actual spending compared with your budgeted amounts. Make sure you set monthly and annual spending limits so you don't go overboard. Plan for the unexpected, too.

"I tell my clients to budget for replacing the roof or needing a new car," Erhart-Graves said.

Keep busy

Instead of enjoying unlimited fun and frolicking, retirees might find they face unlimited hours with too little to do.

Mary Ann Ridder, who works one day a week as chief financial officer for Spectrum Underwriting Managers, Inc., said her daily agenda keeps her on track.

"I always have a plan every day," she said. "I ask myself, 'What am I going to do today?' My husband used to get on me all the time because I never just sat and did nothing."

Retired people need a purpose, she added. "I worked at church until my husband

died," she said. "I was active in different fundraising committees. Just sitting around staring at a TV all day is very dispiriting. Having interests is really important, even if it's just following politics. Keeping mentally active is key."

Fight isolation

Going to work every day can be a drag, but it's also a great way to interact with others. Many co-workers become friends as a result of their frequent interactions, but after retiring, you can find yourself staying home too much and feeling lonely.

To counteract isolation, join a club where you'll meet people who share your interests. With newfound free time, you can volunteer for causes you care about. Retirees are the backbone of many volunteer-run organizations. And if you have grandkids, you can spend more time with them and help raise the next generation. ●

Retirement myths

MYTH 1 You'll spend less in retirement. "People think they'll spend less, but many will spend more due to travel," said Elaine Bedel, president of Bedel Financial Consulting, Inc. Another item that's likely to increase is health care costs.

MYTH 2 You'll never work another day in your life. In fact, many retirees take on part-time jobs or even launch second careers to fill time and increase their income.

MYTH 3 You'll be completely happy. Retirement is just like the rest of life, with normal ups and downs. Grandchildren, travel and new experiences can bring joy, while health issues, financial concerns and the death of family members and loved ones bring grief.