

Retirement Planning

To Create a Happy Retirement, Start With the Three Ps

What's your financial 'philosophy' for your golden years? Is your retirement 'planning' specific to you? What's your 'process' to design your dream retirement?



(Image credit: Getty Images)

As you near your retirement years, dreams of the daily freedoms and the life to come can certainly take over. Watching grandchildren grow, traveling the world, finding new hobbies or just enjoying days without schedules are just a few things that can excite us about life in the years ahead.

However, the uncertainty of the world we live in can distract us from dreams of a happy retirement. We fear that our visions may never be realized because of barriers such as continued volatility in the markets, lack of clarity surrounding future interest rates, inflation that we continue to see in our daily lives or even the social and geopolitical events of the day.

For those preparing for or already in retirement, these concerns are real. You work hard for many years and begin dreaming of the possibilities for this next phase of life, all while watching things around us happen without much clarity or certainty. Not knowing how the events of today will positively or negatively impact retirement can be a significant source of stress and worry for those not properly prepared.

It's more important than ever, while you dream of the freedom and independence that retirement could bring, you start with and understand three things as you begin properly preparing for this journey. I call them the three P's of your retirement: philosophy, planning and process. Consider these as a starting point as you prepare your dream retirement blueprint:

Philosophy

Take time to reflect and understand your own philosophy about what your financial life will be about during those golden years. If you've been a diligent saver and good steward with money, will life just be about having an uncoordinated basket of investment or insurance products that you hope will grow enough to last long into the future? Will you continue to have an investment-only focus, where happiness in retirement will be dependent primarily on positive market returns?

Compare that to having a mindset focused on retirement strategies such as preservation, distribution and coordination. Don't get trapped into a belief that your investments, no matter how much you have saved, are a retirement plan. Make sure your philosophy is about being comprehensive and holistic when considering all areas of your financial life.

Planning

No matter what, the planning you do should be retirement "specific" and "customized" to you. Do not settle for using generic retirement rules and outdated advice. Realize that accumulating your wealth is significantly different than preserving and distributing your wealth. Many areas of your financial life should go from being set on "autopilot" to taking a more active and focused approach. Understand, you are going from "earning a living" to "creating a retirement," both of which will require a very different mindset and sets of strategies.

Something as popular as the 4% rule, which came to be in the early 1990s as a suggestion for the best way to make your money last throughout retirement, may not apply to you when it comes to creating retirement income.

Other common considerations and decisions that need to be customized to you and not generic are things such as:

- When to begin Social Security benefits.
- Selecting your pension elections.
- Roth conversions and tax strategies.
- Properly using financial tools, such as annuities and life insurance for income or estate planning purposes.
- Establishing an estate plan that accounts for many of the "what-ifs" in life.

Too many considerations about retirement to list here should be customized and specific to give you the best opportunity to live the retirement you want to live.

Process

Now that you have begun to shift your mindset from one of "accumulation" to that of "distribution and preservation," it's time to determine what your process (or your financial adviser's process) will be to implement retirement strategies that will help mitigate various types of financial risks as we age.

Designing your retirement "blueprint" should not feel overwhelming, complicated or confusing. Trying to design and implement strategies for all areas of our retirement, such as income, tax,

health care and estate planning, can be intimidating and cause us to avoid having the right conversations. Quite often, it leads us back to focusing only on those things we feel comfortable with, such as our investment accounts and fixating on the market.

The process for creating your plan should be systematic, go step by step, brick by brick, addressing each of these areas one at a time. This will seem so much less intimidating and increase the likelihood you will keep your focus on having a comprehensive, holistic and coordinated retirement.

Determining who will help guide you through this maze of decisions and strategies will be one of the most important considerations you will have. Do you take on this responsibility yourself or seek the guidance of advisers who specialize in retirement preparation? Understand, financial advisers, just like doctors, can either be more general in their services and serve a wide range of clients, or they can be more focused and specialize in retirement planning. Do your research and understand what you need and what you want.

As the world we live in continues to feel *out of control*, take a deep breath, a few steps back and focus on these three P's for an amazing retirement!

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