

Retirement in Sight

Monthly news and information for current and future retirees



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WHAT ARE THE HALLMARKS OF A HAPPY RETIREMENT?

There is no absolute answer to that question, but there are some factors that may make retirement more rewarding.

The more control you have over when and how you retire, the happier you may be. In surveying retirees for their data-grounded book *The Retirement Maze*, authors Rob Pascale, Louis H. Primavera and Rip Roach learned that 69% of people who left work when they wished, retired happy, as opposed to just 36% of those forced to retire. Having a retirement income plan can certainly reduce some uncertainty; though recent Ameriprise research shows just 52% of pre-retirees have developed one. So can talking to your spouse before retirement about where you want to live, how you want to spend your days, and how much “alone time” you need.

Twenty-five percent of employers (according to a Transamerica survey) now let employees phase into retirement by allowing them to work reduced hours, recognizing that working a little (or even a lot) can promote retirement satisfaction. Part-time work, an encore career, or volunteering can help you stay socially engaged. Keeping in touch with your kids or grandkids is definitely a plus, and the greatest asset may be good health; in an Age Wave and Merrill Lynch survey of 3,300 pre-retirees, health ranked first among the keys to retirement happiness.¹

MANAGING YOUR CASH FLOW AFTER YOUR CAREER ENDS

Retiring with a budget and practicing a little tax management may lessen monthly financial pressures for you after you leave work. Keep in mind that most retirement accounts are qualified ac-

counts, so distributions from them are commonly taxed as regular income. Distributions from non-qualified investment accounts are taxed at capital gains rates. The difference in tax treatment between the two types of accounts can be as great as 15-25%, something to keep in mind when managing retirement income withdrawals.

Some retirees do not budget; more should. Budgeting in retirement has two aims; besides just tracking the basic inflows and outflows in your household, it can also reveal any questionable recurring expenses and opportunities for savings.²

ON THE BRIGHT SIDE

In 2016’s first quarter, 13.6% of participants in the retirement plans administered by Fidelity Investments boosted their savings rates, while overall employee contributions rose 12.7%. Both numbers represent all-time highs.³

Kent Butcher may be reached at 918-747-5585 or kbutcher@upal.com
www.upal.com

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CITATIONS.

- 1 - forbes.com/sites/nextavenue/2016/03/27/the-9-keys-to-a-happy-retirement/ [3/27/16]
- 2 - cnbc.com/2016/05/03/cash-flow-planning-before-and-during-retirement.html [5/3/16]
- 3 - detroitnews.com/story/business/personal-finance/2016/05/08/rare-good-news-retirement-front/84120166/ [5/8/16]