

Retire with More Confidence -- Here's How

The years leading up to your retirement are crucial.

Spending quality time with the ones you love is at the top of many retirees' lists.

Ask the average adult approaching retirement what their biggest concern is, and the most common answer is the "loss of steady income." Surprisingly, however, ask the average adult *in retirement* what they miss the most, and over half will say either "social connections" or "having purpose and work goals."

I'm of the mind that if you really want to retire with more confidence, it doesn't hurt to tackle both of these topics: making sure you have enough money to provide the necessities, and making sure you've actually *developed a life worth living* once you get there.

How can you do that? Here are my ideas

How expensive is retirement really going to be?

The answer to a question like this varies so widely that it isn't even worth putting a range on it. For those who need material comfort, the sky is the limit -- others can experience contentment for much, much less.

That's why I think the *two years prior to your retirement* are some of the most important for helping you to retire with confidence. By this time, you should have a pretty good idea of the type of income you'll be relying on by then. For most people, it will be a combination of:

- Social Security
- A pension or other defined benefit program
- Your nest egg, hopefully drawing down something around 4% of it in Year One of retirement
- Income from any part time work, or real-estate (rental) holdings you have.

I suggest that you practice, in these two years, living on a budget that won't exceed your needs come retirement. This will allow you to get a feel for what this type of income feels like. And if you're over-extended, you'll have time to sit down and make the tough decisions about what conveniences need to be cut out of your life, and which are a higher priority.

It's worth noting, however, that there are some costs you shouldn't worry too much about. Most notably, if you're commuting to work or buying expensive clothes for your job, those costs will disappear in retirement, and shouldn't be included when you calculate whether or not you are living within your retirement budget.

Building a life worth living

But the two years before retirement aren't just about making sure you're fiscally sound. They're also valuable for taking stock of what really matters to you. Wes Moss, chief investment strategist for Capital Investment Advisors and author of *You Can Retire Earlier Than You Think*, has done some interesting research on the topic.

On average, he has found that "happy retirees" have 3.6 core pursuits upon entering retirement. Unhappy ones, on the other hand, have fewer than two.

What is a "core pursuit"? In essence, it's any activity that is engaging, and helps bring meaning to your life. If it makes it any easier, think of the types of things you were interested in when you were younger, which you wish you could be doing during your working years, or any hobbies that have captured your imagination over the past few decades.

Developing and nurturing these pursuits *before* entering retirement is crucial -- as waiting until you're done working is a recipe for extreme existential anxiety.

As your retirement approaches, make sure that you are staying involved in activities or groups that help define who you are as a human being. As kids move out of the house, devote more time to these activities, as they'll likely be a huge source of contentment during your retired years.

"That's some pretty bland advice."

For those who were hoping for some secret strategy to a better retirement from this article, I'm sorry to disappoint. The truth is, *most* retirees worry the *most* about money and meaning. There's no cookie-cutter solution available as the needs of individuals vary on these two topics by wide margins.

Instead, the best I believe you can do is start planning early: start living on that retirement income, and start thinking about what activities will help define you once you stop working.

<http://www.fool.com/retirement/general/2016/04/03/retire-with-more-confidence-heres-how.aspx>