
Retirement, Stage One:

Beyond the Horizon – Anticipating Your Goals



There can be as many stages of retirement as anyone cares to devise, but no matter how you divide the idea into segments, it is one of life's major transitions. To accomplish it successfully requires thoughtful preparation. A few years ago the AARP found it convenient to define three stages: pre-retirement (ages 50-61), early retirement (62-74) and older retirement (75 and beyond). We'll use that notion to explore the financial and emotional fundamentals of retirement.

Great Expectations

You may hear people in their 30s or 40s mention retirement, but the concept tends to mean more to people who have crossed the half-century mark. Retirement may yet be many years away, but in the distance, the tops of the letters loom on the horizon.

Early in this stage is the time to dream. People tend to express great optimism as visions of carefree retirement travel, endless golf, invigorating visits with family and other pursuits fill their thoughts. Even if you are still burdened by putting children through college or other daily work-related or family chores, it is pleasant to imagine a retirement free of those concerns, a time when you will be able to look back with sense of satisfaction on a career of accomplishments. After you retire, life can be lived on your own terms.

A Pragmatic Approach

While you're conjuring up your ideal retirement, take a moment to make sure your financial decisions are designed to support it. Taking a long-range view, ask yourself if your 401(k) contributions are as high as they could be. Is your portfolio's asset allocation in line with your risk tolerance and retirement projections? Are you prepared to make the changes necessary as you move closer to your retirement years? It's never too early to take action to correct the habits or financial decisions that could subvert your retirement goals.

The Time Cave

Five or six years before you expect to retire, expect a different mindset to sweep over your retirement imaginings. You may now see yourself in a tunnel headed toward that magical day. People surveyed find they are still optimistic, still enthusiastic, but also beginning to absorb the reality of imminent change. Excitement may be tinged with worry over how it will all work out. If you haven't taken retirement seriously in the past, now is the time to focus intently on what you'll need when the time comes.

Soon enough, you won't have to imagine your first day of retirement. You'll be in the second stage, early retirement, which we'll cover in the next issue. Just remember: if you have questions about your retirement planning or wonder where you stand, give me a call.

Material prepared by Raymond James for use by its financial advisors.