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## Retirement Planning Without the Fear Factor

When it comes to retirement planning, much of the advice you will encounter has two big flaws:

1. The belief that focusing on the fear that you have not saved enough and will run out of money before you run out of life will motivate you to save more.
2. One-size fits all rules.

Fear is a powerful motivator over the short term. When it comes to long-term goals, requiring setting aside gratification today for a distant goal of retiring, fear loses its power over time. Fear-based motivation is related to negative thinking. If the financial cost or goal is too overwhelming, paralysis can set in. When fear lasts too long, it tires you out and makes you want to give up.

It also doesn't help that most retirement advice comes with one size fits all rules, such as the following:

- You will need at least 80% of your preretirement income to live on when you retire, assuming you have no mortgage.
- Your retirement should begin at age 65 because you can lock in medical insurance through Medicare at age 65.
- You should wait until age 72 to retire when you will receive the highest Social Security payout.
- Withdrawing 4% of your retirement savings your first year and increasing the amount each year by the rate of inflation will provide you with an income you should not outlive, although recently planners have begun hedging their advice by recommending a 3% rate of withdrawal.
- At 4%, you will need to have 25 years of savings to retire.

Between fear marketing and rules approaches, there's not a lot of positive motivation. Which may be why it is so hard for many people to save for retirement. Even having lots of money doesn't assure a happy retirement.

It's time to turn retirement planning around and start first with what your idea of retirement encompasses. Not having to go to work every morning is not a retirement plan.

Retirement can easily stretch 25 years or more. What do you want to do with those years? And, if you are married or in a long-term relationship, what does your partner want to do with those 25+ years? The last thing you want to do is to retire and discover you don't share the same goals, resulting in a costly split up and leaving you with considerably less assets than you anticipated.

The real determining factor for how much money you need to be able to retire financially secure is what you want your retirement to encompass. If you envision renting your home, buying a motorhome and spending the next five years wandering the 50 states, that's a different financial commitment than five years of exotic cruise ship voyages. If you want to sell your home and move closer to family members, that's part of your plan.



It may help to think of retirement in five-year increments, remembering that as time passes, we will be older and less able to pursue some of our early retirement goals. How would you like to envision your life at 85 versus 65?

Another consideration is what sources of money you might have in retirement beyond Social Security and your savings. Can you build an income stream from your hobbies? You may want to continue to work part-time or take a job you find more fulfilling that may pay less. Financial advisors are notorious for working long after others are retired simply because we enjoy our work. If that is your situation, do what makes you (and your partner) happy.

Every retirement plan is inherently different, reflecting the individual desires, assets, and abilities of the retirees. This includes a realistic look at what your health will permit you to do and planning for certain eventualities of aging.

Before you lock yourself into a plan, it might make sense to give it a trial run. Can you handle life in a motorhome? If you are thinking of retiring to raise vegetables on rural farm, perhaps a summer on a farm might be in order first. Do you like traveling as much as you think you will? Give it a test run.

If volunteering is in your plan, before you build your retirement on filling your days giving back to society, try it out first with organizations you want to support. All too often individuals find that volunteering is a lot like a regular job with bosses you may not enjoy, regular work hours, client/customer issues and training programs that can deal with issues you thought you left behind along with a paycheck. If an organization isn't the fit you thought it would be, look for others where your skill set is valued or consider starting your own non-profit.

Realize that plans change. If retirement doesn't turn out the way you imagined, figure out what is making you unhappy and how you can change your life. If you have a surplus of money, don't be afraid to spend it the enjoy new experiences.

Retirement will always have its uncertainties, but if you start thinking early about what you want from retirement, testing your ideas, and focusing on what you really want to do with all those years, you will find it a lot easier to be motivated to save the money you need. Focusing on positives rather than negatives changes the game.

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