

RETIREMENT (/RETIREMENT/)

# Planning for Retirement



## 10 Financial Moves to Make in Your 60s

Time to make big decisions on where to live and what to spend

by Patricia Amend, [AARP \(http://www.aarp.org\)](http://www.aarp.org), November 2, 2021



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It's getting close . . . very close! For most of your adult life you've planned for retirement, and now that you're in your 60s, it's very close indeed. Are you getting ready? Will your transition be as smooth as possible? Will you start this new chapter in your life with a sense of optimism?

Like most people, you may not be so sure. A 2019 economic well-being study published by the Federal Reserve indicated that just 45 percent of nonretired adults over the age of 60 believe that their retirement planning is on track. What's more, 60 percent of nonretirees who hold a 401(k), IRA or other

self-directed retirement savings accounts aren't comfortable managing their own investments.

If you haven't already done so, [financial advisers \(/money/investing/info-2021/complete-guide-to-financial-advisers.html\)](/money/investing/info-2021/complete-guide-to-financial-advisers.html), recommend taking an inventory to think things through. Consider making two checklists — one for your lifestyle, and another for financial matters — to assess your situation and determine the steps you need to take as the countdown continues. Be sure to enlist the help of an adviser whenever needed, and use the following as a guide.

## Your financial checklist

When it comes to finances, you'll have another long list of items to tackle. Breaking it down and working on certain tasks one at a time will make it more manageable. Depending on your situation, you'll want to tweak your checklist as you go along.

**1. Adjust your portfolio.** "Know before you go," advises Marianela Collado, a certified financial planner (CFP) at Tobias Financial Advisors in Plantation, Florida. "Work with a financial planner to test your portfolio's ability to meet your needs, not only through your [predicted] life expectancy, but to age 100 since we are all living longer."

That includes [evaluating the risk \(/money/investing/info-2020/retirement-income-risks.html\)](/money/investing/info-2020/retirement-income-risks.html), she explains. "Does it need to be toned down or ramped up before you actually pull the trigger on retirement?" One of the biggest misconceptions folks have is the idea that the portion of your portfolio devoted to bonds should mirror your age — for example, if you're 60 years old, you should have 60 percent of your holdings in bonds. "That could be a sure way to shoot yourself in the foot given today's [low]-interest-rate environment," she says.

In addition, you'll want to have enough safe, easily accessible money to cover three to five years of spending, says Catherine Valega, a CFP at Green Bee Advisory in Winchester, Massachusetts.

**2. Project your income.** Next, make a realistic assessment of your current spending, making sure that it covers everything, says John Power, a CFP and the principal at Power Plans in Walpole, Massachusetts. "Then, [project how much income \(/work/retirement-planning/retirement-calculator/\)](/work/retirement-planning/retirement-calculator/) will be available at your retirement date from your pension, Social Security and investments." AARP has several tools to help you figure out the best time to take Social Security, as well as how long your savings will last in retirement.

### When should I take Social Security?

The short answer: When it's right for your personal situation. You can start taking benefits at age 62, but you'll get a bigger benefit if you wait to [full retirement age \(/retirement/social-security/questions-answers/when-can-i-collect-social-security/\)](/retirement/social-security/questions-answers/when-can-i-collect-social-security/), which is 66 but gradually moving to 67 for people born in 1960 or later. You'll get the largest payment if you wait until you reach age 70.

Your benefits also depend on how long you worked and what your salary was. Social Security bases your benefit on your 35 highest-earning years. You can get your earnings history from the [Social Security Administration \(SSA\)](https://www.ssa.gov/myaccount/) (<https://www.ssa.gov/myaccount/>).

Your marital status, as well as your employment status, also helps determine how much you'll get. Part of your benefit may be taxable, and part of your benefit may go to pay for Medicare Part B. To see how much you're likely to get from Social Security, try the [AARP Social Security Calculator](/retirement/social-security/benefits-calculator/). (</retirement/social-security/benefits-calculator/>).

**3. Investigate insurance.** Because health insurance is often expensive, you'll want to research the cost, especially if you plan to retire before your Medicare eligibility at age 65. "If you can, find a part-time job help to offset it," advises Patti Black, a certified financial planner at Bridgeworth Wealth Management in Birmingham, Alabama. For 2021 and 2022, the law says you never have to pay more than 8.5 percent of your income for an Affordable Care Act premium. You can find out if you're eligible for a federal subsidy to pay for your health care plan, and how much it would cost, at [healthcare.gov](https://www.healthcare.gov/). (<https://www.healthcare.gov/>).

**4. Diminish your debt.** Another way to enhance your cash flow on a long-term basis, Collado points out, is to pay off all of your high-interest debt, or as much as you can. Otherwise, it may drain your resources. All other things being equal, [paying off a credit card](/money/credit-loans-debt/info-2021/how-to-free-yourself-from-credit-card-debt.html) (</money/credit-loans-debt/info-2021/how-to-free-yourself-from-credit-card-debt.html>), that charges 15 percent is the same as earning 15 percent on an investment.

**5. Test your budget.** In the 12 months prior to retirement, do a dry run to see if you can realistically live on your fixed cash flow. If it doesn't meet your needs, then you'll have to make adjustments. "Review and confirm your actual cost of living," Collado adds. "Be realistic with what you expect life to cost. Will it include more travel and dining out?"



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## Your lifestyle checklist

Starting to plan for retirement now will allow time for careful thought, discussion and some trial and error. “Retirement is a major life transition, and you have to be patient with yourself and your spouse,” says Black. “Most retired couples do not look like those pictured in ads and commercials! Spouses need to talk to each other about their expectations in retirement.”

**6. Test your vision.** To find out what her retired clients knew (and didn’t know) before they took The Big Leap, Black conducted interviews. “Based on that feedback, I encourage people to ‘practice’ being retired,” she advises. For example, one couple, who dreamed of buying an [RV to travel the U.S. \(/home-family/your-home/info-2021/rv-lifestyle-during-covid.html\)](#), rented one and learned how much travel — and togetherness — made sense. “They didn’t just wake up on Day One of retirement and fall into an ideal routine. They tried many things, talked about what was working and what was not, and made adjustments to get to what was right for them.”

**7. Plan your days.** Likewise, Valega urges people to envision what a typical day might look like. “Will you work part time, volunteer, travel? Too many people retire without a plan for those many hours, and find themselves feeling lost and depressed. Coordinate with your spouse/families so you’re on the same page.” Black adds, “You may need to find new friends if your primary social interaction was with coworkers.” Check out volunteer groups, clubs, classes that interest you that may be a source of new friends. It takes time and effort to find a new “tribe.”

**8. Consider where you’ll live.** In the same vein, Austin Frye, a CFP and the founder and CEO of Frye Financial in Aventura, Florida, says that his advisers ask their clients about what they plan to do with their time, about friends and family and whether they will age in place or move. Power agrees that it’s important to put careful thought into your living arrangements, and then take action. “[Will you downsize \(/retirement/planning-for-retirement/info-2018/downsizing-suze-orman.html\)](#)? Start preparing to sell your old home and purchase the new one.”

**9. Explore those new places.** If moving is for you, then visit the areas that you’re considering, both in their peak and off-seasons, suggests Jeremy Finger, a CFP and the founder of Riverbend Wealth Management in Myrtle Beach, South Carolina. “Get an idea of the different neighborhoods in an area, and which are your favorites,” he suggests. “Subscribe to a local paper to see what activities are going on throughout the year.”

**10. Reset the details.** Before you move, see if your doctor can refer you to someone in that new area, Finger continues. “Pick up change-of-address cards to send to your CPA, attorney, banks, doctors, financial adviser, the Social Security office, your insurance company and the DMV. Once you are retired, update wills and legal documents in your new place of residence. Establish a reliable local network of professionals. Update your contact information and enjoy life!”