

Transitions

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Private Wealth
Management

How Not to Fail at Retirement

As you near retirement you've probably googled "common retirement planning mistakes" or "how much do I need to retire". My quick Google search pulled up over 21 million results. Everyone has a list of their favorite top 3, 5, or 10 mistakes to avoid or a magic number to attain. People regularly equate reaching a certain magic dollar amount saved as the key to a happy and successful retirement. However, I invite you to approach it from a different perspective. In my experience as I sit with clients and prospective clients in my office there is one single element that makes the biggest difference in a smooth transition and a fulfilling retirement. It should be addressed first. That element is **PURPOSE**. The rest are supporting technical items than can be addressed along the way.

Retirement often begins with a "sugar rush" of parties and trips. Initially it feels like playing hooky. Every day is Saturday. But after a few months reality sets in. It becomes more challenging to fill the hole where our daily work was. While we are working a big portion of our identity, and frankly, a lot of relationships are tied to our careers. When we leave our careers we leave behind that identity. The emptiness has to be filled with a purpose, not busyness. Our mental and physical health depends upon it. You can have a truck load of money, but without a life purpose you fail at retirement. Money doesn't buy a happy retirement.

The secret to not failing at retirement is to have a life plan – a purpose – something to retire to. Discerning purpose allows you to develop a clearer picture of what you actually want in retirement. ***It will be the blueprint for your financial plan.*** The financial plan fails without the life plan. Think about it this way. Each chapter of life has a purpose within itself. To navigate successful transitions from one chapter to the next we need life purpose. For instance, think about when a child goes off to college. If they don't have a somewhat clear picture of the career path they would like to pursue, they end up changing majors and or schools several times, watching the GPA suffer, and a lot of money and time go to waste. It can be discouraging and frustrating to both the student and the parent. Also, during the Empty Nest phase, if parents don't have identity and purpose outside the children, then the joys of the empty nesting chapter are lost and truly empty. The retirement chapter is similar; we need a purpose and a plan to be successful.

How do you prepare?

- ❖ Understand there is no standard one-size fits all retirement. There is no magic number. Everyone wants and is designed for something different and unique. Retirement is an opportunity to start a new chapter and possibly your best chapter. It is a time to explore and embrace new opportunities.
- ❖ Recognize and appreciate that your spouse may have a different idea of what retirement looks like. So, candid communication is essential.
- ❖ Discover your purpose. ***The goal is to surround yourself with the right people, in the right place, pursuing your passions.*** Once you have clarity on who and what those 3 "P"s are, then your personal financial plan can be built to support your unique purpose.

This may all seem like a daunting task at first, but remember that your Baird advisor has guided clients like you through this process many times over the years. Lean on our experience – we can help you through this process.



Giovanna is a CERTIFIED FINANCIAL PLANNER™ and Certified Divorce Financial Analyst® with Baird specializing in assisting pre-retirees and retirees prepare for and navigate retirement.

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