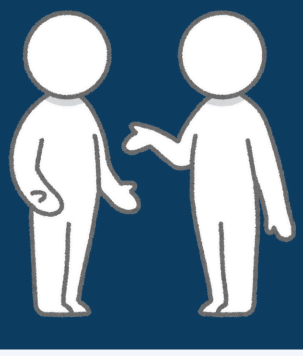
McMannis Wealth

5-Step Retirement Transition Guide



Step 1: "Have a conversation!"

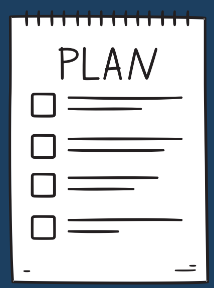
It might seem trivial, but many couples only focus on the decision to work or retire without considering the broader aspects of this conversation. It's crucial to discuss what retirement will entail. Are there desires for travel, a peaceful life, or frequent golf outings? Aligning on retirement goals with your partner is essential to avoid future conflicts. Start by initiating an open conversation.

Step 2: "Define a retirement purpose..."

Retirement should offer more than just a break from work. Many people who retire only to stop working find themselves back in their careers within 24 months. Your retirement should have a sense of purpose. This purpose might vary from that of your partner. It's crucial to clearly identify and communicate what will keep you motivated during retirement.

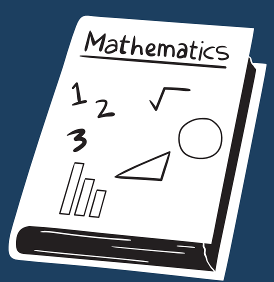
Step 3: "Recognize Social Changes"

Many individuals find that their social circle is centered around family and work. Transitioning into retirement can sometimes leave a void. By actively nurturing current relationships or forming new ones, retirement can be more fulfilling. Consider engaging in activities like pickleball that foster social interaction. Explore joining Facebook groups or community organizations to stay connected.



Step 4: "Write out the plan..."

After discussing your joint retirement vision, the next step is breaking it down into its associated expenses. Seeking assistance from a professional can be beneficial at this stage. Begin by categorizing costs into "one-time costs" and "recurring costs." One-time expenses could include renovations like a bathroom or kitchen remodel, while recurring expenses may involve annual vacations or NFL season tickets. Document your vision to transform it into a tangible plan.



Step 5: "Break out the calculator..."

Having a professional equipped with forecasting software is definitely beneficial for this task. The fundamental modeling equation is:

$$\text{Savings}(1+\text{Return}) + \text{Income} - \text{Expenses}(1+\text{Inflation}) = \text{Year 2 Savings}$$

This equation can be applied to your anticipated retirement to assess if you will outlive your funds. The assumptions regarding return and inflation play a crucial role, highlighting the importance of seeking assistance from a professional to conduct a Monte Carlo simulation.

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