

Aging Well

Healthy, wealthy, and wise – the traditional desires of age. Who wouldn't want these attributes at any age? The other experts at Best Ever You can help with the healthy and wise parts – as your Personal Finance expert, I will share some tips to help you age with grace and money. Getting older is better than the alternative, but aging with money is even better!

Challenge the traditional notion of retirement. It is so easy to fall into the notion that retirement only begins at age 65. My definition of retirement is income- and expense-based, not age-driven. I think you achieve retirement status when your investment income exceeds either the income from your “regular job” or the money you need to live on each month. This gives you the option of quitting your “day job” and pursuing other things in life at any age.

You can also semi-retire by working part-time or part of the year. I know some people who pursue seasonal work through the same employer – they live in Maine during the summer and fall, then head to Florida for the winter and spring. Their employer is happy to have a mobile workforce that can flow with the hiring demands in each location. They remain active, work full- or part-time, and still have many of the benefits that we associate with retirement.

Redefine the financial impact of aging. Most financial planners suggest that you should plan on needing 70% of your working income to cover your expenses as you get older. However, you may need more or less money based on your personal situation. If you pay off your mortgage before you retire, you may need less money since you won't have that large expense each month. However, if you want to travel, do other things you were not able to while working full time, or have medical expenses, you may need more than the 70%. Many people are leading active lives well into their 80's and 90's – lowballing your income needs could impact the fun and security you have as you get older.

Plan to be a cash cow. Nothing beats having a lot of cash as you age (or any other time, for that matter). The only thing better than having a lot of cash is having that cash come from multiple income sources. Enron and Bernie Madoff have taught us the dangers of keeping all of your money in one place. Now is the time to interview investment advisors to find someone that you are comfortable with and trust. They should be able to help manage your finances so you are in the best possible situation as you grow older.

Think about what you want your life to be like as you get older. Do you want to sell everything, buy a motor home, and travel the country? Or is buying a second home where you spend part of the year more appealing? Or are you more interested in moving to a completely different part of the country (or world)?

Everyone has different ideas of what life should be like as you age. Now is an ideal time to think about what you want your next decades to be. Whether it is exploring the country, spending more time with family, or volunteering in your hometown, you can begin to create the beginnings of this change.

If want to move to a different part of the country, start vacationing in different states and towns to find out which areas you like the best. Once you find a place you like, make sure you visit in all seasons so you don't get any unexpected surprises after you've permanently relocated there. Want to buy a second home to use for part of the year? Now is a great time to look at purchasing another home, since buying in a down market can help make a second home much more affordable. Use it as a vacation house or rent it out until you are ready to move there long-term.

If you filled with wanderlust and want to travel the country in a motor home, start vacationing in a rented camper. It is better to find out that you miss having rooms and a garage before you sell your house and furniture. Or it may prompt you to start downsizing in preparation for a life with all of your belonging traveling with you.

Remain (or become) physically active as you age. Why is this healthy advice in a financial article? In general, the more active you are, the healthier you will be...and that will reduce your medical expenses. The less you spend on medication and doctor expenses, the more you have for other (hopefully more fun) things.