



**Teresa S. Sampleton, CFP®, CPA**  
**Vice President**  
**Sampleton Wealth Management**

230 Park Ave. West  
12th Floor  
New York, NY 10169

(888) 336-6884

teresa.sampleton@SampletonWealth.com  
www.sampletonwealth.com



## 5 Questions to Ask Yourself 5 Years Before You Retire

*By Elaine Floyd, CFP®*

**Retirement planning takes on added urgency the closer you get to leaving your job. Imagine your future by looking at the major factors: housing, activities, lifestyle, life expectancy, and unexpected events.**

The first step in any retirement income plan is to envision your retirement and make some decisions about how you will live. This, in turn, will inform your budget and your retirement income plan. If the numbers don't support the life you have in mind, now is the time to find out. Adjustments can always be made, whether it means working a little longer now in order to avoid working later, or scaling back your lifestyle in order to retire a little sooner. But what you want to avoid—and why you are going through this exercise in the first place—is the need to make major adjustments ten or twenty years from now. The more accurately you can answer these questions, the more likely you are to create a retirement income plan that will sustain you throughout life.

### **WHERE WILL YOU LIVE?**

The answer to this question affects not only housing costs but other living costs as well. Whether you choose to move or

stay put, consider the following:

- **Proximity to children and grandchildren.** If you live far away from the kids, you'll need to build travel costs into your budget and/or have extra space in your home for when the family comes to visit.
- **Affordability.** Many people opt for more affordable living costs when they retire. Key factors in assessing a location's living costs are the price of housing; the cost of food, utilities, and transportation; and taxes (state income tax, property tax, and sales tax).
- **Employment and business opportunities.** If you plan to work during retirement, consider the job market for the type of work you want to do, or the business climate if you plan on starting a new business. This factor is often contrary to affordability: the towns with the lowest cost of living generally have the most limited employment and business opportunities; if you are looking for work that pays well or an active market for your product or service, you may have to choose a less affordable city.
- **Travel plans.** If travel is expected to play a big part in your retirement plans, you might opt for an inexpensive condo near the airport (with no plants or pets), at least until the wanderlust subsides. If and when it does, you can reconsider the housing question again.
- **General preferences.** Otherwise, consider the classic criteria for choosing retirement location. These include climate, cultural and recreational opportunities, access to medical care, and other lifestyle issues.

## WHAT WILL YOU DO?

How you plan to spend your time in retirement will largely determine how much income you'll need. One way to look at this is to ask if your anticipated activities will add to the expense side or the income side of your retirement budget.

- **Expense-generating activities.** The classic life of leisure can be expensive! Unless you plan to

spend your days reading, walking, and visiting with friends, you may be facing higher-than-anticipated costs for travel, hobbies, and entertainment. Even classic low-cost activities such as gardening have associated expenses. This is not to say you shouldn't enjoy yourself during retirement—it's just that these expenses will have to be factored into the budget.

- **Income-generating activities.** If you like to work, why not make that one of your primary activities during retirement? It'll save money on hobbies and entertainment and generate income to boot. Even volunteer work pays off if it keeps you from engaging in expensive activities.

If one of your goals is to start a business in retirement, hopefully it will count as an income-generating activity. But you may need to prepare for several years of start-up expenses before the business becomes profitable.

## HOW WELL WILL YOU LIVE?

Living well is in the mind of the beholder. As you contemplate retirement, consider how you will live your life.

- **The simple life.** Some retirees look forward to scaling back in retirement in order to reduce expenses and have what they would deem a very rich life. Grow your own vegetables. Prepare meals at home. Ride your bike. Take long walks. Read good books. You can do a lot with a little. Whether it arises from lifestyle choice or financial need, the simple life holds appeal for many.
- **The high life.** On the other hand, some retirees who have been chained to an office for several decades may see retirement as their chance to live it up. Backed by a healthy retirement account and the income to support their chosen lifestyle, they may eat out more, take more vacations, explore expensive hobbies, and generally live their dream. If you can afford the high life, more power to you.

## HOW LONG DO YOU EXPECT TO LIVE?

This is the million-dollar question that, if answerable, would make retirement planning so much easier.

Unfortunately, people are often misled by tables that show the median life expectancy—that is, the age at which half the population is already dead and the other half is alive and kicking (and requiring ongoing income to stay that way). It has virtually no bearing on any individual's true life expectancy. The safe route is to plan for retirement income to last to age 95 or 100. If you're afraid that will cause you to leave too much on the table, you can visit the life expectancy calculator at [www.livingto100.com](http://www.livingto100.com) to get a more accurate idea of how long you might live.

## WHAT SURPRISES DOES LIFE HOLD IN STORE?

What unexpected events might you anticipate as you move through life?

- **Your health.** Your genes, your health history, and your lifestyle may provide some clues as to how your health will hold up as you grow older, but this is always a wild card in retirement planning. Fortunately, Medicare and supplemental insurance can take care of the major costs. Ironically, the healthier you are, the more likely you are to need long-term care later in life as the frailties that come with natural aging prevent you from performing activities of daily living such as bathing and dressing. It is often the oldest of the old who need the custodial care at the end of life. Medicare does

not pay for this.

- **Your family.** You never know when a family member might need your help. If your parents are still living, one or both might need personal or financial support as they age. And your children aren't immune to life's surprises either. A job loss, divorce, or health shock could send them to you for help just when you think your life is on an even keel. On the bright side, another grandchild or three could demand resources from you in a good way, depending on how generous you want to be.
- **The economy.** Some say the financial crisis of 2008 was predictable; others say they never saw it coming. The lesson that came out of it is that anything can happen, including events beyond our wildest imagination. Adaptability is the key to managing life and money in the 21<sup>st</sup> Century. Pay attention and be ready to respond.
- **Disasters.** Does it seem there have been more, and greater, disasters in recent years? Flooding, earthquakes, tsunamis...what's next? Get your insurance paid up, your disaster kit ready, and hope for the best.

---

*Elaine Floyd, CFP® is Director of Retirement and Life Planning for Horseshoof, LLC, where she helps people understand the practical and technical aspects of retirement income planning.*

---

Advisory Services offered through Sampleton Wealth Management LLC, a Registered Investment Advisor. Advisory Services offered through Sampleton Wealth Management LLC, a Registered Investment Advisor. Advisory Services offered through Sampleton Wealth Management LLC, a Registered Investment Advisor.