

## The Five Phases of Retirement

Submitted by asd Charlie Jordan on 02/11/2021 - 01:01



**Charlie Jordan, CPA, CFP®, CeFT®** [1]

Between the ages of 50 and 70, most people experience a significant amount of life change. Transitions are a natural and regular occurrence in our lives. They represent a shift from what was to what is. While normal, they still contribute to a significant amount of the stress in our lives, both positive and negative. Change can create friction in our comfort, our relationships, and our identity. It can also represent great opportunity and growth.

Woven throughout all these changes is an institution we refer to as retirement. Our experience preparing for, moving into, and living in retirement drive transitions in family relationships, identity, purpose, finances, habits, hobbies, etc. By understanding how these transitions are likely to impact our stress and decision-making, we can navigate these unknown waters more effectively. We have identified Five Phases of Retirement as well as the common struggles for each.

### **Anticipation**

This phase starts as early as your first investment in a company retirement plan. But the anticipation and preparation phase of retirement begins in earnest about ten years before your anticipated retirement date. The anticipation phase naturally included all the various technical retirement planning discussions, analyses, and strategies. But this phase is also a time when people are forming their “retirement dream,” a visual of their expected and/or desired future. These visions may be positive, but they may also be scary.

Anticipation is a great time to focus on your expectations and your planning. Go through scenario analysis to ensure you have what you need to make the best decisions around your work life, income sources, and lifestyle. Also, use this time to manage your expectations. We often either over-romanticize or fear the unknown of the future. Take time to add to practical thinking around how you will spend your time and your money.

### **Transition**

A flurry of activity marks the Transition phase. It begins when the transition event has occurred or is imminent. This might be the last quarter of your work as you wind down your role, train your replacement and fill out copious amounts of forms for HR. It may begin when you receive notice that your position is being eliminated as part of a restructuring effort at the company, and you have a decision to make. During Transition you have a lot of moving parts with logistics and change. This causes noticeable stress for people as they manage both the sheer volume of work and the emotions involved. One particular stress that many run into is decision fatigue, merely unable to process another decision without breaking down.

For those in the middle of Transition, the best thing you can do is genuinely prioritize and try to focus on the essential items at hand. Too often in these moments, people tend to start thinking about big, life-changing decisions like selling the house, etc. Your brain is literally not capable of making some of these types of decisions in the best way when you are overwhelmed. These are great times to take that vacation you dreamed about in Anticipation!

### **New Normal**

The Transition phase will not abruptly end; it will slowly fade. One day, as a retiree, you will feel that things have settled. You may still be incredibly busy with life, but you have found your daily and regular rhythm and no longer feel overwhelmed by the change. A typical way you see this play out is in spending. Many retirees lament “how much they are spending!” early in retirement. It takes a while to get used to life in retirement, and in particular, life without the same earned income you were once bringing home. I tell my retiring clients they need to give themselves a two year “grace period” to get used to life in retirement and their spending.

The biggest challenges that I see in the New Normal phase are those with identity and purpose. Many people do not like the New Normal. When they were the Sr. VP, they felt important. Now they don't. For many, that is a difficult change. If that is you, you can start by evaluating areas of your life that you would like to improve by using the Elements of Retirement assessment [2]. With that in hand, work to build a plan for using your wealth to improve that element.

### **Longevity**

Retirees typically live in the New Normal until life begins to change. For many, that change comes in the form of health challenges. Aging gracefully is the goal for most of my clients and is becoming the hottest topic in retirement circles. People want to keep their autonomy and do not wish to burden those they care about. Like planning for entering retirement, planning for longevity is best done well in advance. Before retirement or well into the New Normal, begin

making plans and having conversations with loved ones about living arrangements, care strategies, and legacy planning. Engage a team of professionals (your advisor, attorney, and CPA) to discuss your hopes and desires for your aging and plans for your estate.

### **Single**

The final phase we will call Single. This phase can happen at any time along the journey of retirement. This may occur when a spouse passes away in old age after 50+ years of marriage. Or, it may be the sudden and early loss of a spouse to cancer way too early. Perhaps you never married or were divorced before or after the transition to retirement. But, a reality of life is, in most cases, someone ends up on their own. This is a life transition with phases all on its own. But, like others, some thoughtful planning and a team of advisors and loved ones can make the transition easier to navigate.

What phase of retirement are you in?

What do you see as your biggest struggles or stressors in this phase?

The journey of retirement is one big transition and change. At Retiring Well at Brightworth, we are guides who can help.

For more personal financial tips, [check out our Bright Blogs.](#) [3]

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