

Lifestyle Changes: Misconceptions About Life in Retirement

This week's AAI **Weekly Digest** highlights these “must-read” AAI articles:



Managing Cash Flow in Retirement

Intelligently planning for cash flow in retirement is critical, as poor planning may result in running out of money long before running out of life. The three elements that most significantly affect planning are the need for real, not nominal, cash flow; the risk of having to sell assets to provide income at the wrong time; and the likelihood of future decades of historically low market returns. Combining a year's worth of cash with a long-term investment portfolio protects immediate needs while still enabling the portfolio to grow.

Delaying Retirement, But Not Your Retirement Dreams

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Christine S. Fahlund

Many investors who had planned to retire early at 62 when they became eligible for Social Security benefits are discovering that those benefits, combined with their retirement savings, cannot support

the lifestyle they expected or provide the financial cushion in retirement they desire. Investors can practice retirement by continuing to work, but diverting dollars meant for new retirement savings to pursuing retirement dreams now.



Retirement Planning: Focus First on Covering Fixed Expenses

By focusing on liabilities instead of assets when planning for retirement, you are removing uncontrollable spending from the equation. Once all fixed costs have been immunized, withdrawal rates no longer matter as any additional retirement assets can be used for discretionary—or controllable—spending.

Lifestyle Changes: Misconceptions About Life in Retirement



Men and women who are planning to retire face a change in lifestyle. Knowing what to expect—and what not to expect—can help you avoid unnecessary mistakes. Discussions with seasoned retirees indicate that there are many myths and misconceptions about retirement. Often you will hear these myths stated as fact. Here are some of the most common ones.

Our Member Question for this week is:

Would you consider, or are you using, a Home Equity Conversion Mortgage (commonly known as a reverse mortgage)?

[Vote Now »](#)

Vote to answer this week's Special Question:

If you are retired, what was the hardest aspect for you in transitioning from working to retired life?

Last Week's Results:

Of these factors or characteristics, which one do you place the largest emphasis on when selecting individual stocks?

"Quality" (low earnings volatility, high margins, high asset turnover, low financial leverage, low stock-specific risk, etc.) : 38%

Valuation : 33%

Profitability : 15%

Momentum : 11%

Beta : 2%

Size : 1%

Poll results are as of 9 a.m. (Central) on Monday. 1,383 respondents.



[Which Factors Are Most Important When Selecting Individual Stocks?](#)

A new book from Larry Swedroe and Andrew Berkin discuss several factors that have been shown to provide above-market returns in stock portfolios. We polled our readers to see which of these factors is most important when choosing individual stocks. In addition, we asked our readers where they think the S&P 500 will end up at year's end.

Computerized Investing's Best of the Web: Retirement

Planning



Retirement planning websites can assist you in determining how much you need to save for retirement and how much you can safely spend during retirement. Most comprehensive personal finance sites include retirement planning tools for individuals who need to determine how much to save; far fewer websites include low-cost calculators for investors who are looking for tools to determine how much they can safely spend during retirement. The list from AAI's *Computerized Investing* focuses on the sites with the best retirement tools, education and commentary.

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