

Mentally Preparing for Retirement



When you are a young adult, retirement seems like such a distant stage of life that it's almost not worth thinking about. As you age and develop in your career, you learn that you need to put money aside during your working years to ensure that your retirement years are financially comfortable. Servicemembers may serve for 20 years before retiring from the military (and earning their pension) but depending on their age when they entered the service, they may have time to pursue another career before officially retiring. Most people think of 67, as the "standard" retirement age, but that varies depending on individual circumstances.

The longer you stay in the workforce and make contributions to your retirement account, the more you set yourself up for financial success.

That said, few people want to work forever. You put in the effort and save up funds while you are younger so that you can enjoy your retirement years and spend the time traveling, relaxing with your family, and pursuing your hobbies. Transitioning to a fully retired lifestyle is a big change, though, and not one that everyone is prepared to make when the time comes.

What is the secret to a successful retirement?

A successful retirement comes down to financial security. If you have the funds to live the lifestyle that you desire, and you have the funds to pursue that lifestyle *through the end of your life*, then you can avoid all of the stress associated with money for the last 30 years of your life.

Military retirees have an advantage in this sense, as do other individuals who receive a pension as a result of their employment. Blended Retirement System (BRS) members who complete 20 years of service will qualify for lifetime monthly annuity payments based on their time in service and their highest 36 months of basic pay. All veterans with a disability rating between 10% and 100% qualify for lifetime monthly disability payments as well. Together, these funds can provide a significant amount of stability in retirement.

All individuals, inside and outside of the military, will need to rely on the money that they have saved up over the years, and – possibly – Social Security. This money may come from an employer-sponsored retirement account like a 401(k) or 403(b), from individual retirement accounts (IRAs), or from other investment and savings accounts. Veterans have access to the funds in their Thrift Savings Plan (TSP) accounts. The IRS mandates that individuals begin taking required minimum distributions from their retirement accounts beginning the year they turn 72 years old, but individuals can begin withdrawing money without penalty at age 59 ½.

Note: Experts suggest that you need 70—80% of your pre-retirement income each year to live comfortably in retirement. Depending on the rate of inflation during your retirement years, this amount could be more.

Why does it feel hard to spend money during retirement?

During working years, individuals are taught to save money before spending it. In retirement, that concept is flipped – it is finally time to spend the money that has been saved for years. And, unlike during your working years, when you can spend money and then replenish your accounts with your paychecks, once you hit retirement, you won't see your accounts grow. For many people, the change from a saving mindset to a spending mindset can be hard to accept.

Remember, the money distributed among your accounts has been growing there for this purpose – it's okay to use it!

If you struggle to spend and dislike watching your account balances fall each month, you may benefit from setting up automatic withdrawals or purchasing an [annuity](#) and setting up lifetime monthly income payments. Having the process automated can reduce the psychological feeling of loss that accompanies manually moving money around when you need to make purchases.

Outside of finances, what plays into a successful retirement?

Only you can define a successful retirement, but there are many things to consider that may improve your quality of life during your golden years.

- **Define your purpose.** Until retirement, your employment played a central role in your life. Think about what interests you outside of your career, what hobbies you would like to pursue, and what topics you would like to learn more about. Will you spend your time volunteering or working part-time? What will bring you a sense of accomplishment at the end of each day?
- **Create a bucket list.** What types of things do you want to do in retirement now that you have the time and money? Are there places you would like to visit or new things you would like to try?
- **Stay physically fit.** You don't have to aim to be in the same physical shape you were in your 20s, but staying active is linked to both physical and mental wellness – and when you're healthy, you're more likely to thrive.
- **Build social networks.** For many adults, the people they surround themselves with on a day-to-day basis are people who they know through their employment. Cultivate relationships outside of your place of work and get involved with your community.
- **Determine your new routine.** Without hours dedicated to work, your days can feel significantly longer in retirement. The freedom can be overwhelming and you may struggle



with deciding how to fill your days. Creating a routine can help you move forward into retirement with a plan to fall back on and prevent wasted days.

When it comes time to retire, you have to be prepared for changes to both your finances and your lifestyle. Take some time before you leave the workforce to visualize your retirement and come up with a clear idea of your goals. Knowing how you want to spend your time in retirement can ease the eventual transition away from the workplace and into a more leisurely period of your life. Budgeting ahead of time for the lifestyle that you desire can help make withdrawals feel a little less jarring.

If you are looking to create a source of guaranteed income in retirement, consider a [Navy Mutual annuity](#). Our annuities can provide income for the remainder of your life, making your retirement budgeting that much easier. For more information, [schedule an appointment](#) to speak with an annuity expert.