

Retirement Planning Insights

July 2023

Tenon Financial Happenings

- Family trips and commonly debated financial topics

Retirement Planning Happenings

- Spending during the three stages of retirement

Tenon Financial Happenings

Our recent family trips and my guest appearance on *The Long Game* podcast

Last month, Michelle and I took trips with our respective families.

My family and I went to the Pacific Northwest for the first time. We spent a few days in the Portland area and then a few days in the Seattle area.

We did typical touristy stuff in both places. It was a good time and nice to see a part of the country we've never seen before. I'm always amazed at how different (and beautiful) other parts of the country are compared to the Northeast.

Michelle spent a few days with family in New York City. Part of her trip included a visit to the American Dream mall in New Jersey. It's one of America's largest malls and is much more of an "experience" as opposed to just a shopping location.

It has an indoor water park, an indoor amusement park, an indoor ski slope, lots of restaurants and, of course, an actual mall for shopping.

Part of the fun of the mall is the ability to rent motorized animals to ride around through the halls. Here's Michelle and her ridiculously cute daughter on their motorized panda:



Separately, I recently joined Tom Kopelman on his podcast, [The Long Game](#). We talked about some of the most debated financial topics, such as:

- The good, bad and possible use cases for permanent life insurance
- Active-vs-passive investing
- Financial advisory fee structures
- Whether getting a tax return refund is bad

I'm passionate about all of these topics, and it was a lot of fun to share my views with Tom and his listeners. I think you'll get a lot of great insight on these things, so definitely check out [the episode](#).

Happy July!

-Andy

Retirement Planning Happenings

How spending changes through the “Go-Go,” “Slow-Go” and “No-Go” years of retirement

I have to be honest...I'm recycling my own newsletter content. Shh, don't tell anyone! No, but seriously, all of the stuff below is recycled from Tenon Financial's February 2020 newsletter.

Why am I reusing the same article? Partly because I think it's timeless info that's worth sharing again. Especially since this newsletter had only about a hundred subscribers back in February 2020. Now, there are roughly 4,800 subscribers. Which means about 4,700 of you probably haven't seen this before!

Also, it's summertime and I'm feeling a bit lazy about having to write something new... 😊

Without further ado, I'd like to (re)share some insight about how spending often changes throughout retirement. Here's what I wrote in February 2020:

Depending when you retire and how long you live, your retirement could potentially last 30 or more years. Most retirements consist of three stages, each of which is typically 5-10 years in length. Furthermore, each stage has its own spending characteristics. Understanding these stages can help you feel more comfortable in knowing what your spending in retirement may look like.

The three stages of retirement and their typical spending patterns are:

1. “Go-Go” years (the first 5-10 years of retirement) - Physical and mental health are strong so it's common to be active with travel, hobbies, leisure activities and visiting family. Discretionary spending is often high as time and money are spent on taking large trips which weren't able to be taken during working years, frequent travel to visit relatives and friends, dining out, partaking in physical hobbies, using and maintaining vacation properties, etc.
2. “Slow-Go” years (the next 5-10 years) - Physical health is still generally good but frequent or strenuous activity starts to become difficult. Mental acuity could still be sharp but cognitive decline often begins. Extended duration or physically demanding

travel is no longer likely. Highly physical hobbies and activities may not be feasible. Time is spent predominantly on lower-key endeavors such as indoor activities, social gatherings, etc. Discretionary spending usually declines without significant increases in other expenses.

3. “No-Go” years (the final 5-10 years) – Physical and/or mental health are significantly degraded. Activities outside of the house are limited. Travel and physical leisure activities are no longer possible. Full-time living or medical assistance may be required. Discretionary spending is minimal but medical expenses increase substantially.

In many cases, total spending declines throughout retirement. Discretionary spending is largest in the go-go years but often decreases significantly during retirement. However, medical expenses may markedly increase over time. Also, keep in mind that each of the three phases may last more or less than the typical 5-10 years. Or a phase(s) may be skipped altogether, depending on life circumstances.

What does this mean for you and your retirement??? Understanding how your retirement spending needs may change can help ease the concern and fear of the unknown when creating a multi-decade retirement plan.

With a proper retirement plan in place, it's okay to give yourself permission to spend on travel, experiences and other “fun” things during your go-go years. However, a good retirement plan should also address what expenses could look like in your no-go years as major medical issues may arise.

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