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# Risks That Can Derail Retirement



**Eric Brotman** Contributor ⓘ

Retirement

*I reframe retirement as a graduation to Act II of adulthood.*



Among the bliss that is your 20-year vacation, there is a list of risks that retired individuals ... [+]

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The day you retire, a weight on your shoulders seems to remove itself as you no longer need to work to survive. The years of punching a clock, worrying about losing a job and making uncomfortable small talk with that guy from accounting are over.

But, among the bliss that is your 20-year vacation, there is a list of risks that retired individuals face more now than when they were working.

## Economic risks

These may feel obvious to some. Since you're now living off your assets rather than just growing them, you put yourself at the mercy of the financial markets. Market volatility can become a scary proposition at this stage of your financial life.

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If you're too aggressive with your investments, a market dip could obliterate your plans and force you to return to work. If you're not aggressive enough, you may not be keeping up with inflation and run the risk of outliving your money.

Finding the investment strategy that is just right should be done with a professional and be complemented by adequate contingency planning to keep up with the all "what ifs." Finding employment after years of retirement can be incredibly difficult, so if you're not certain you have properly prepared for retirement, do not retire.

For those who own a business, you don't want your life's work to simply stop. Finding ways to monetize your business after you've stepped away from the day-to-day can be a good way to combat these economic risks.

[Learn more about exiting a business in this podcast episode.](#)

### **Personal risks**

As we age, it's only natural that our health begins to decline. This presents its own set of day-to-day challenges, in addition to the obvious risks of severe illness and untimely death.

It's hard to think about a day when climbing stairs is difficult or impossible, but it's a reality that most of us will face. Needing to move into a more

accessible home—or simply something smaller to reduce upkeep and expenses—is a common reality. I recommend everyone, even those in perfect health, start thinking about downsizing or relocating well in advance, and begin preparing at least three years early.

Having to rush through the moving process due to lack of planning can be stressful, limit your options and leave you settling for a new home you may not want.

Another common yet morbid risk we face as we get older is that of widowhood. Losing a spouse is a heartbreaking event that can affect all aspects of your life.

Make sure that both you and your spouse understand your financial plan, have the proper legal documentation in place and have access to a support system of friends or family to reduce the potential financial and psychological damage caused by one of you dying.

They say all marriages end in death or divorce, and “grey divorce” is becoming more and more prevalent. Couples are separating later in life and dividing assets at a time when you’re no longer growing your net worth puts you in a very bad position and at much-greater risk of outliving your money.

### **The lesson:**

While I like to compare retirement to a graduation into your next chapter of life, I can’t promise that chapter won’t be written by Stephen King.

Make sure you have a proper retirement plan—complete with contingency and estate planning—so you don’t outlive your money and be prepared for not only your finances to be affected but your personal life as well.

Start looking into alternative housing options long before you need to move out of your home and surround yourself with friends and family who can help you through the plot twists.