

# TIPS FOR MANAGING THE 3 STAGES OF SPENDING IN RETIREMENT



RETIRE WISE

While retirement is a significant milestone, it's important to remember that it doesn't mark the end of your journey, but the beginning of the next phase of your life, which may last several decades. That makes spending a key consideration. While you don't want to overspend, you also don't want to be afraid to spend the money you worked hard to accumulate for this exciting new chapter. Achieving the right balance begins with understanding the three phases of spending in retirement, based on their approximate age ranges.

**Phase 1: The Go-Go Years (ages 60 - 74).** For most people, this stage of retirement tends to be the most active. Free from the constraints of work and raising a family, many retirees spend more time and money on travel and entertainment, family excursions, and social activities. Large expenditures like purchasing a boat, second home, or paying off a mortgage may figure prominently. As a result, many retirees will need 80% or more of their annual pre-retirement income to support their lifestyles.

**TIP:** Overspending at this stage can lead to a reduction in investment principal needed to generate additional income in the later stages of retirement. Work with your financial professional to assess your need for guaranteed income to support your goals at each stage of your life in retirement.

**Phase 2: The Slow-Go Years (ages 75 - 84).** Spending tends to level off in mid-retirement for a number of reasons, such as paying off a mortgage, downsizing living arrangements, or selling a second car or vacation home that you no longer use. Health challenges or the loss of a spouse can also lead to a less active lifestyle, which may translate to lower spending. Many people may find travel and transportation more challenging, resulting in spending more time at home.

**TIP:** This is a good time for an insurance and estate planning review, especially if you experience significant life changes such as a serious illness or the death of a spouse.

**Phase 3: The No-Go Years (age 85+).** Spending tends to pick up again in late retirement, primarily due to increased healthcare expenses associated with aging, including copays and medical equipment that may not be covered by Medicare, and long-term care services that Medicare does not cover. While many retirees remain active and independent well into their 90s, even those in good health may see an increase in daily living expenses due to the need for assistance with cleaning, lawn services, grocery shopping, cooking, or transportation. Others may experience an increase in housing costs if they choose to move to an assisted living facility or adult community.

**TIP:** Work with your financial professional before you retire or as early as possible in retirement to put a strategy in place for how you will pay for any long-term care expenses you may incur.

To learn more about strategies for generating a lifetime income to support your spending needs and goals in retirement, call the office to schedule a time to talk.

## The Surprising Relationship Between Clutter and Well-Being

According to health experts, there may be more to the saying, "a place for everything and everything in its place," than initially thought. That's because a lack of order due to clutter can not only cost time and money but can create undue stress and other adverse health consequences.

One study found that women who described their homes as cluttered had high levels of the stress hormone cortisol throughout the day, while women who described their homes as well-organized had lower levels. The study found that piles of "stuff" made people feel less satisfied with their lives and that clutter can also lead to a loss of sleep, weight gain, anxiety, and for older adults, isolation and an increased risk of falls and injuries. Also, adults aged 50 and older are also increasingly more likely to put off making decisions about what to get rid of and what to keep.<sup>1</sup>

If you're struggling with too much stuff, consider the following steps to help reduce clutter to free up your mind and your space:<sup>2</sup>

1. **Start small and set realistic goals.** Clutter can leave you feeling overwhelmed and unsure of where to begin. Start by setting aside an hour or two several days a week to go through piles of papers or boxes of stuff. It will get easier and more rewarding as you make progress.
2. **Separate objects from emotions.** Remember that objects don't hold memories, your mind does. The memories certain items evoke will live on without them.
3. **Create organizing systems and habits.** This may be as simple as a designated file box or drawer for important papers and a basket near the door for keys and mail. Make a habit of putting things away that take less than a minute to do so. Designate specific drawers, cabinets, or receptacles to store frequently used objects in the kitchen, bathroom, garage, etc.
4. **Ask for help.** Don't be afraid to ask friends or family members for help or hire a professional organizing specialist. The sooner you begin to reduce the amount of clutter, the better you may feel.

1) Brody, Barbara, "How Clutter Can Affect Your Health." 28 AUG 2023, Webmd.com, <http://www.webmd.com/balance/ss/slideshow-clutter-affects-health>.

2) "How clutter affects your brain health." 1 MAY 2025, Nuvancehealth.org, <http://www.nuvancehealth.org/health-tips-and-news/how-clutter-affects-your-brain-health>.



**Scott E Holstein**

[seh@prudentwm.com](mailto:seh@prudentwm.com)

(800) 458-9330

Prudent Wealth Management, Inc.  
Wealth Manager | Financial Advisor

<http://www.prudentwm.com>



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