4 Strategies for a Happy Retirement

Whether you are nearing or in retirement, follow these simple strategies to get the most out of your golden years

If you are nearing or currently in retirement, it's incredibly important to have a plan. Being financially sound will allow you to enjoy your retirement instead of stressing about money. Following these simple strategies will help you enjoy your retirement years to the fullest.

#1 Manage Your Risk

Investing money always comes with a certain amount of risk, often referred to as market risk. Market risk is the possibility of experiencing loss due to the performance of the financial markets. The closer you are to retirement, the more important it becomes to account for market risk. You don't want the funds you've saved over the years to become subject to large fluctuations in the financial markets; you want them to be safe and ready for when you need them.

You have probably heard the phrase "don't put all your eggs in one basket." This is important advice to apply to your investment strategy. When you keep all of your money in one place, your risk of loss is much greater. There are many different places where you can invest your money, including stocks, bonds, mutual funds, variable annuities, index annuities, fixed annuities, real estate, savings accounts, and CDs. Each of these types of investments has a different amount of risk. By allocating your capital across several different types of investments, also known as diversification, you greatly reduce your potential exposure to any one particular risk.

Another investment principle that you have probably heard is "buy low and sell high." Although almost everyone has heard this before, it can be very easy to let emotions get the best of you and consider selling when the market isn't performing well; your best bet is to ride out the market fluctuations. Similarly, you should resist the temptation to buy when the market is hot. By maintaining a tolerable amount of risk and sticking with the buy low, sell high advice, your investments should see a much greater return in the long run.

#2 Protect Yourself

Despite your best efforts, there are still many unexpected situations in life that can cause a significant financial blow. Insurance can help you protect your assets from such an event. Depending on your personal situation, it is important to carry different types of insurance such as auto, home, personal liability, and even long-term care insurance.

Long-term care insurance becomes especially important during retirement. According to longtermcare.gov, people ages 65 and older have almost a 70 percent chance of needing some type of long-term care services in their lifetime. This can include home care, assisted living facilities, or even adult day care. Some of these care options can cost nearly $100,000 per year—see the long-term care cost chart below. Because of this, long-term care insurance might be something to consider.

The best way to determine how to protect your assets is to work with a trusted advisor such as a reputable attorney, CPA, financial planner, or insurance agent. Most people could benefit from consulting with multiple professionals. It's always important to be aware of scams and make sure you are working with individuals worthy of your trust and confidence.

#3 Protect Your Loved Ones

While it's important to have insurance to protect yourself and your assets, it's also important to have insurance that protects your loved ones. While other types of insurance can protect you from major financial devastation while you are living, life insurance protects your loved ones after you are gone.

The average funeral currently costs between $7,000-10,000 and continues to rise each year. In addition to a funeral, you may have other final expenses your loved ones would be responsible for, including medical bills, credit cards, and more. Worrying about financial obligations just adds an extra burden to an already difficult time. Life insurance can help take care of these final costs so your loved ones can focus on their grief.

You may also want to consider leaving instructions for your loved ones. Providing documentation on where your assets are located, the professionals you've worked with, and what your final wishes are, can greatly simplify the process for those you leave behind.

#4 Stay Active

Staying active might sound like a simple task, but more often than not, people don't prioritize their health and wellness. Additionally, people tend to think only of physical activity, which is just one component of truly staying active.

Remaining physically active prevents chronic disease, improves mood, and lowers your chance of becoming injured. It also decreases your risk of Alzheimer's disease, dementia, diabetes, obesity, heart disease, high blood pressure, osteoporosis, and certain kinds of cancer. If all that isn't enough, staying physically active increases your chances of remaining independent later in life. If your doctor approves, try to participate in aerobic, strength, and flexibility exercises. You'd be surprised at how quickly these activities can become an enjoyable part of your everyday routine!

Staying mentally active is also critically important, as it helps slow down the age-related decline of cognitive functioning. Activities like reading and writing can help keep the brain active, but these are likely things you've done throughout your lifetime. Finding new hobbies that challenge the mind in interesting ways such as crossword puzzles, arts and crafts, board games and cards, or computer activities, can be a great benefit to your overall mental health.

Finally, staying socially active is just as important as staying physically and mentally active. Social seniors tend to live longer, stay sharper, and experience fewer issues with boredom and depression than their non-active counterparts.

Retirement is an exciting time in your life. By planning ahead and being financially prepared, you will be able to spend your days relaxing and enjoying your much-deserved time off. ✦

How Much Does Long-Term Care Cost?

Type of Care	Annually	Daily
Home Health Aide	$46,332	$127
Adult Day Health Care	$17,680	$68
Assisted Living Facility	$43,539	$119
Nursing Home (Semi-Private Room)	$82,125	$225
Nursing Home (Private Room)	$92,378	$253

Source: Genworth 2016 Cost of Care Survey, conducted by CareScout®, April 2016