



## Does retirement mean every day is like a weekend?

Conventional wisdom says that you will need anywhere from 70-80% of your working income to live comfortably in retirement. But a study of retirement spending conducted by Duke University in partnership with MoneyComb has found that the actual number needs to be much higher—130% of income.<sup>1</sup>

Presenting their findings in the Wall Street Journal, Duke researchers Ariely and Aline Holzworth say that retirement spending should be thought of in seven categories: eating out, digital services, recharge, travel, entertainment and shopping, and basic needs. Each of these has the potential to increase during retirement. After all, when you're no longer required to work 40 (or more) hours a week, that's 40 hours a week when you're available to spend money. You'll be able to dine out more, go on cruises, and now that you have the time to drive it, get that sports car you've always wanted.

In other words, if you plan to live every day in retirement like it's the weekend of your working years, life is going to be a lot more expensive.

But before you get discouraged and think you won't be able to afford to retire until your eighties, consider another perspective.

### Planning to have a purpose in retirement

Forbes contributor Elizabeth Bauer, writing in response to the Wall Street Journal article, says that not only is the "live like the weekend" retirement model outdated, it doesn't reflect the retirees she's known who are fully enjoying this new stage of life.<sup>2</sup>

Bauer calls the 130% of income figure the price for a "luxury-class" retirement. She says that some people are able to attain it, for example, having a snowbird lifestyle with a second home in Florida and most days centered around dining out and regular rounds of golf.

However, the people she knows who've enjoyed the most fulfilling life during retirement (she calls them "role-model" retirees), have simply traded working in a career for working in something they see as meaningful. Bauer gives the example of her grandfather who spent his retirement helping university students on archeological digs. Others have been able to volunteer at their church or local charitable organizations.

These people have still been able to enjoy occasional golf, cruises, and eating out, but they are also engaged in meaning-creating activities. This type of retirement is not only more fulfilling, but it's financially more sustainable.

## **Don't wait to enjoy life**

Bauer urges people to have the same balanced view during their working lives. Make saving for retirement a priority, she says. But also look for ways to enjoy life now. Want to take a European river cruise? You don't have to wait until you're retired. Set up a fund to save for it now and plan to go while you're still working.

Life should be balanced, both during your working years and during retirement. Not only is it more financially viable, but also more fulfilling.

If you have questions about how to enjoy that balance now and into retirement, talk to your trusted advisor.

### **Sources:**

1. <https://www.marketwatch.com/story/youre-probably-going-to-need-a-lot-more-than-you-think-to-retire-2018-09-06>
2. <https://www.forbes.com/sites/ebauer/2018/09/10/is-every-day-a-weekend-the-right-way-to-retire/#6eb694c8348b>

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