

The freedom to define your own retirement

BY MARC C. SHAFFER -

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Retirement is a word that sounds as final as its accepted definition of “a period after you cease your working career.”

For many people thinking about retirement, or nearing “retirement age,” this definition doesn’t accurately reflect their plans for an active and rewarding lifestyle. People now see retirement as more of a gradual shift in lifestyle rather than a specific end point. Instead of working toward retirement, they are working to reach financial freedom, a point where they have accumulated enough wealth to live their ideal life without the need to continue working, so that they can define retirement on their own terms.

People are seeing life expectancies increase and are experiencing healthier years in retirement, and they don’t want to stop working, move to a sunny location and enjoy a slow paced life. They want to take advantage of their financial freedom by making their own decisions about retirement, which may include going back to school, starting their own business, or continuing to work in their same career. According to a 2014 Transamerica study on retirement, forty-two percent of Baby Boomers plan to work at least part-time after the age of 65. When you no longer need to rely on a full paycheck to support your lifestyle, you have the flexibility to balance your schedule in a way that works for you.

The freedom to balance your lifestyle in retirement with work, hobbies or other activities of your choosing also comes with emotional benefits. Some retirees will spend more than twenty years in retirement and find that staying active gives them a purpose and structure, as well as social interaction and intellectual stimulation. The income generated in retirement serves as a bonus to those who are financially free. They may enjoy the income by putting more money toward hobbies, living on their income and letting their other assets continue to appreciate, or contributing to a charity or to education funds for their grandchildren.

Financial freedom does not come without careful planning and preparation. Having a written financial plan early in life helps you measure progress toward your goal of financial freedom. Living below your means, keeping debt to a minimum, saving as much as you can and investing to produce additional assets are some of the basic principles of a solid financial plan. Working toward financial freedom requires a commitment, but one with a great reward. By utilizing these practices, you can be on your way to a retirement with healthy cash flow, allowing you to live the life you want to live.

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