**7 Strategies for More Income in Retirement**

*“Old age is always fifteen years older than I am.”*

*—Bernard Baruch, American financier, investor, statesman and philanthropist*

One of the biggest fears people have is running out of money in retirement. And for many Americans, this is a very real risk, not an irrational phobia.

If you are a reasonably healthy 65-year-old non-smoker, actuarial tables estimate you’re likely to live to age 86, as a man, and 89, as a woman. And the longer you live, the longer you can expect to live. A 90-year old non-smoker has a good chance of living to age 95, as a man, and a 97, as a woman.

However, there’s no need to worry your way through retirement in a state of self-enforced poverty and extreme frugality. Follow these strategies to have more spendable income in retirement, and never run out of money!

**#1: Stay healthy and active.**

According to Fidelity Investments, a couple who retiredin 2017 will spend an average of $275,000 for health care coststhroughout retirement. Poor health is expensive in every way imaginable, taking a heavy mental, emotional, and financial toll.

Although it’s no guarantee, good health habits can help slash medical costs:

**Move more.** Inactivity costs individuals, employers and the governments as much as $28 billion annually in medical costs and lost productivity, according to a study cited by [*The* *New York Times*](https://www.nytimes.com/2016/09/07/well/move/whats-the-value-of-exercise-2500.html). Exercising for 30 minutes 3-5 times per week can make a measurable difference in health and vitality.

**Eat from the bottom of the food pyramid.** To reduce your risk of cancer and heart disease, eat more fruits and vegetables. Avoid the “SAD” Standard American Diet, which fuels disease, and learn what “[Blue Zone](https://www.today.com/health/blue-zones-diet-foods-help-people-live-100-t112105)” researchers are discovering about the world’s healthiest and longest-living people.

**Quit or moderate negative habits.** Eliminate bad habits such as cigarettes or over-indulging in sugar, junk food or alcohol.

**Think positively.** A recent [Harvard study](https://www.cbsnews.com/news/optimism-may-help-you-live-longer/) found that “optimistic women” had nearly a 40% lower chance of dying of heart disease or stroke and a 16% lower risk of dying from cancer. [Multiple other studies](https://thedoctorweighsin.com/do-optimists-live-longer/) show that optimistic people of both sexes live longer and have less heart-related illnesses.

Exercising regularly, eating well and maintaining a positive attitude will save you money and—even more importantly—help you enjoy your life!

**#2: Save more.**

The average American [saves less than 5% of their income](https://www.nerdwallet.com/blog/banking/american-personal-saving-rate/). Some Americans have no savings at all, or they have debt instead. Some people invest but neglect to save and have to raid their retirement accounts—paying penalties and taxes—for every emergency.

We recommended saving 20% of your income. That might sound intimidating or even impossible, but it’s not. It starts with a decision and it requires a mindset committed to living below your means.

Start saving—even if it’s 5 or 10% to start, and work your way up as you can. The key is to increase your saving—not your spending—as your income and financial capability increases.

Save more money, and you’ll have liquidity for opportunities as well as emergencies. You’ll end up with more money to *invest*, without compromising your savings. Saving more also makes people less compelled to subject their dollars to unreasonable risks in pursuit of unrealistic rates of return.

**#3: Keep working, contributing, and earning.**

****According to the [Social Security Administration](https://www.ssa.gov/planners/lifeexpectancy.html), approximately one out of every ten people turning 65 today will live past age 95. Nearly half—43%—of retirees underestimate how long they will live by 5 or more years, reports the [Society of Actuaries](https://www.cnbc.com/2018/01/12/failing-to-plan-for-longevity-can-hurt-your-finances.html). And yet, Census Bureau figures show that the [average age of retirement is only 63](https://www.thebalance.com/average-retirement-age-in-the-united-states-2388864). How many people have saved enough to live another 30 or more years without earned income?

The impact of longevity and low savings rates combined with too-early retirement can be devastating. Many people are retiring *without* the financial capability to remain independent—one reason why we *don’t* recommend a traditional retirement. Work can also provide people with purpose and with their primary social interaction.

Another tremendous benefit of working longer is that you can maximize your Social Security income! Too many people take Social Security too soon and regret having a lower income.

If you don’t enjoy your work, the thought of delaying retirement may lead to despair. But when we say “don’t retire,” we mean, *“Find work you LOVE and do it for as long as long as you want.”* If you love what you do, it won’t feel like “work.”

It doesn’t have to be full-time work. Perhaps you’ll work part-time or seasonally. Maybe you’ll freelance and volunteer on the side. Perhaps you’ll consult, become a travel blogger, or work virtually. Just keep your mind active, keep contributing your wisdom and skills, and keep earning!

81-year old Earnestine Shepherd is the world’s oldest female bodybuilder. She no longer competes in bodybuilding, but she has found her calling in inspiring and training others to be healthy and strong at any age. In this [BBC video profile](https://youtu.be/MyUG9lR0-cg), she declares she’ll do the work she loves “until her last breath”:

Want to envision a future you’ll love? You’ll find inspiring stories and “case studies” in [*Busting the Retirement Lies*](https://www.amazon.com/Busting-Retirement-Lies-Abundance-Throughout/dp/099130540X), along with some serious number-crunching that may have you re-thinking your 401(k).

**#4: Reduce risk with asset allocation**

You may know the joke about how 401(k)s “became 201(k)s” in the Financial Crisis. People who planned on retiring saw their investments plummet as much as 50%.

“Easy come, easy go” should *not* be a phrase that applies to your investments! But the problem is this: most people’s portfolios are comprised of nearly all stocks, and stocks are subject to systemic risk.

For investors with truly diversified portfolios, “Great Recession” was more of a speed bump than a roadblock to retirement. Reduce your risk by following [Prosperity Economics strategies](https://www.prosperitypeaks.com/) and investing in diverse asset classes and financial instruments, such as:

* private lending instruments such as bridge loans
* cash-flowing real estate
* business investments
* alternative investments such as oil and gas
* life settlement funds
* and high cash value life insurance.

**#5: Raise financially independent children.**

From childcare (whether that means staying home with your children or hiring childcare), clothes and food to college expenses, it’s expensive to be a parent. (But worth it!) After a couple of decades, more or less, your financial support should no longer required on an ongoing basis, and you’ll have more to save, invest, or spend.

Unfortunately, some parents keep spending resources on adult children who remain dependent. Increasingly, kids are moving back in with parents after college, where some overstay their welcome.

The trend of many young adults to become self-supporting has become so widespread it now has a name: the [“Failure to Launch” syndrome](https://www.huffingtonpost.com/michael-ascher-md/failure-to-launch-syndrom_b_6709206.html). Unfortunately, parents can contribute to the problem when they keep subsidizing kids and shielding them from the natural consequences of their actions. To avoid this, help kids learn responsibility and independence from a young age. Encourage them to earn (even if it’s through chores or babysitting), save (even if it’s from gifts and allowance), and make wise choices with money.

**#6: Focus on cash flow, not net worth.**

Typical financial advice helps you accumulate assets in a brokerage account, but too often, financial plans neglect how to turn this into cash flow later. Such strategies may be a better retirement plan for advisors with “assets under management” than for YOU!

When interest rates dropped recently to historic lows, retirees faced hard choices. Should they scrimp and save to live off of “interest only”? Consume equity and risk outliving their savings? Keep the bulk of their investments in equities and pray that stocks will somehow keep going up?

It’s best to “practice” creating cash flow with assets before you must rely on the income from investments. It’s good to accumulate assets, but you must also have reliable strategies to turn assets into income.

**#7: Consume assets strategically.**

The *amount* of money accumulated in assets isn’t as important as the amount of *spendable income* produced by those assets! By accumulating the right assets and spending them in the right order, you might end up with hundreds of thousands of dollars extra in your pocket!

By strategically consuming assets in the most efficient way, you can:

* dramatically reduce taxes
* increase your cash flow and
* protect yourself from market swings and low interest rates
* while increasing your net worth and (likely) leaving more to heirs.

For instance, replacing bonds in your portfolio with high cash whole value life insurance can make *a multiple six-figure difference* in future spendable income! (This is why we [don’t recommend bonds](https://www.prosperitypeaks.com/are-bonds-safe/). And we’ll show you a case study in a future post that demonstrates how this move can give you more income—while raising the value of your estate!)

**Want a Strategy for More Income in Retirement?**

Let’s talk… we’d love to show you how you CAN “live long and prosper!”

[Contact Winnie Lau](https://www.winnielau.com/) at Empowered Life Financial to discuss any of the ideas in this article, or contact us if you are in need of an advisor to assist you in creating a strategy for sustainable, generational wealth.