

6 Ways the Pandemic Has Been a Dress Rehearsal for Retirement – and How You Can Take Advantage

What do lockdowns and retirement have in common? Quite a bit. And the parallels can be helpful in your retirement planning.

Uncharted territories are difficult to navigate, but what if you had the ability to do a test run for one of life's most important milestones – retirement? This pandemic has been just that in more ways than one.

Families, schools and businesses have been left feeling whiplashed by the efforts of government and officials as they close, re-open and re-close aspects of our economy and our daily lives. The global pandemic has tested our true grit on so many levels as a nation and economy.

It is also shining a spotlight on many of the areas where we have done a good job at preparing for retirement ... and some areas that still need some work.

As the saying goes, the show must go on. The good news is if you're not retired yet, then there's still time to make some changes.

1. Get a plan in place for how you will fill up that extra time

You may be finding yourself working on various home projects, taking on new hobbies, or reviving old ones during the lockdown. What has been your experience? Maybe the initial thought of a wide-open schedule and an

unplanned day sounded exciting, but it turned out to be unfulfilling and boring. Or maybe it was heaven.

Figuring out what to do with all the extra time you'll have during retirement to live a purposeful and meaningful life is just as important as figuring out how you'll allocate your money.

2. While you're at it, figure out how you'll deal with more 'togetherness time'

As a result of the shutdowns and stay-at-home orders, families and loved ones had nowhere to go and were forced to spend more time together. This presented a unique opportunity for families to find meaningful engagements in relationships that were often pushed aside or hurried as a result of everyday life demands. On the flip side, coronavirus has amplified problems between some couples as they've been stuck in close quarters and forced to confront compatibility issues and navigate the unique problems of the pandemic. In fact, [divorce rates](#) have skyrocketed amid coronavirus, and 31% of couples admitted the lockdown has caused irreparable damage to their relationships.

Stress levels will hopefully not be as high during retirement as they are now, but couples should similarly expect more time spent together and garner a sense of what that means for their future — whether positive or negative.

3. Drill down to what you actually need

With the economy shut down and many areas faced with stay-at-home orders, we've been forced to hunker down and focus on what we need to survive. The common epiphany shared by many is that, well ... *we don't really need all that much*. You probably noticed that besides food, housing and utility costs, there wasn't much else you *needed*.

If you were lucky enough to transition to telework, your transportation costs likely declined. And shopping for business attire and dry-cleaning bills? Those costs likely plummeted as well. There are expenses that may well increase in retirement — like medical bills — so take this time to note how your spending has changed throughout the pandemic. It should give you a good indication of what you really might need to get by in retirement.

4. Keep some dry powder

This pandemic has also highlighted more than ever the importance of having a cash cushion for emergencies. When an unforeseen expense occurs, it's best to have three to six months' worth of expenses in a liquid account. This is no different during retirement.

It's especially helpful to have a cash cushion when your investment accounts take a dip and you're best off pausing distributions from these accounts. Being dynamic with your distributions and temporarily bridging expenses from savings will allow your portfolio time to recover.

5. Crunch the numbers

Whether you're furloughed, searching for employment or are a business owner re-working your strategy, you've probably been forced to look at how long you can manage all your bills, given how much you currently have. Although not an exact science, calculating your retirement is much like that.

Regardless of whether you're living off a 401(k), pension, Social Security and/or investment income in retirement, you'll need to weigh your current investment income plus expected future income against your annual expenses.

6. Protect your portfolio

If you're nearing retirement, this last bout of market volatility probably made you acutely aware of how market shocks can impact your carefully laid-out plans. It likely also underscored the importance of managing risk as you get closer to retirement.

Luckily, we've seen a rapid recovery in the markets — this time — but take this opportunity to revisit your portfolio allocation to make sure that your risk is aligned with your goals and time horizon. Sometimes there are no second (or third) chances.

Finally, think on your feet

Being flexible and able to adapt to the world's uncertainties is always a great strategy. Having the ability to pivot and re-tool their finances is helping individuals, families and businesses survive right now. Everyone's path to retirement looks different. But a test run is one thing that will certainly help you run the show as you get closer to that date.

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