Plan Income for Life Transitions—Not Just Financial Ones

What questions are you asking to ensure your clients' retirement income is tailored for their "life plans" and not just financial plans? We've highlighted five key transitions in retirement and some questions you can use to start the income conversation.

Retirement is a major life transition, and like all such transitions, it reshapes behavior in ways that can directly affect spending. Understanding how retirement's key lifestyle shifts may affect real spending behavior is one of the most practical things you can do for your clients in the planning process.

The five key shifts and spending factors below will help you develop the right questions to ask before the plan is ever built.

1. Loss of Structure and More Free Time

Work provides a built-in daily rhythm. When it disappears, clients may experience a disorienting gap—not just emotionally but practically. How they fill that gap determines whether spending rises, falls, or shifts categories dramatically. For example, taking classes could add to spending; more time in the garden might not.

Suggested questions: What will a typical week look like once you retire? What activities will you add or stop?

2. Income Mindset Reversal

Shifting from accumulating assets to drawing them down is psychologically significant. Clients who haven't mentally rehearsed this switch may underspend early or overspend without realizing it, creating planning distortions you need to account for.

Suggested questions: How comfortable are you with spending from savings when there's no longer a paycheck? Do you plan to change your spending habits?

3. Lifestyle Intentions

Travel, hobbies, and entertainment tend to front-load expenses in the early retirement years, and income needs may taper off later as people generally slow down and do less. Knowing whether your client envisions extensive travel, occasional trips, or staying close to home is input you need for modeling realistic spending curves.

Suggested questions: Is travel a big priority or a more of an occasional thing? What might you like to be doing with your time that you couldn't do while working?

4. Part-Time Work or Not

Clients may assume a clean break from work or imagine easing out gradually. A client with a strong professional identity—or one who simply wants to stay engaged—may naturally seek part-time consulting, board work, or even a passion-driven side business. Such choices could change both income timing and the Social Security retirement income strategy.

Suggested question: Do you see yourself doing any work at all in retirement, even part-time?

5. Potential Changes in Housing or Location

Staying put, downsizing, relocating to be closer to family, or moving to a different climate: Each scenario carries very different cash-flow implications. A relocation could mean more funds needed early and an assessment of tax impacts if the move is to another state.

Suggested question: Do you plan to stay in your current home, or is a move possible or even probable?

Asking the Right Questions Can Enhance Your Planning

The clients who navigate retirement most successfully aren't necessarily the ones with the largest portfolios. They're the ones who enter it with a clear vision of what they want their life to look like, reinforced by an income plan built around it. You can help them articulate that vision and then connect it directly to the numbers. Conversations and the right questions can build a foundation for that work.

ACTIONS YOU CAN TAKE RIGHT NOW

- **Work "retirement vision" segments into your discovery process with clients.**
- **Model two or three scenarios in your income projections, taking into account early retirement years vs. later years based on the shifts mentioned above.**
- **Think about the current status of retirement income plans for clients and whether a conversation might help target their needs more precisely.**

Additional Resources and Links

Transitions in Retirement: A Whirlwind of Change

Are Tax-Friendly States Really that Tax Friendly?

Ages and Stages

For more information about retirement planning, please contact our Retirement Strategies Group at RSG@PacificLife.com or (800) 722-2333, ext. 3939.

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