



## Three phases of Retirement and their Impact

In basic financial planning, advisors typically talk about the different financial stages of life. They start with the accumulation stage and then move into the income stage in retirement. The retirement stage can be broken into three phases.

**The Go-Go Phase.** The Go-go phase is the active retirement phase. It is the period between age 55 and 69 when people tend to be physically and mentally capable of living a fairly active lifestyle. In fact, this phase may not be that much different than pre-retirement, except that there may be more time to do things such as travel and hobbies. For some, the go-go stage will include work. It may be part time work or consulting in the same field as their pre-retirement career or it could be self-employment. Whatever the case, active retirement is really living the retirement dream. For many retirees in this phase, they are busier than they were prior to retirement.

**The Slow-Go Phase.** In the slow-go phase the body is telling you to slow down little. Between the ages of 70 and 84, life starts falling into patterns and the excitement of retirement becomes more stable. Many of us know retirees in this category because they have very predictable patterns like banking on Fridays, groceries on Mondays, cards on Wednesdays, etc. Part of the reason for these patterns is that energy levels are changing and patterns help minimize effort and thought without compromising the enjoyment of life. During this phase travel moves from plane rides around the world to bus rides within the province.

**The No-Go Phase.** The last phase in retirement is the no-go or limited retirement phase. In this stage, time and age play a significant role in slowing down activities and abilities. Sometimes this is mental, sometimes physical, sometimes financial or any combination of the three. Often this stage requires some level of support from family, government or agencies. Again, this can be physical, emotional or financial support. Choices become much more limited.

Understanding the three phases of retirement can have a very significant impact on planning in the various lifestyle components of retirement. In terms of spending, you undoubtedly need more income in the Go-Go phase. Statistics show that spending tends

to drop the older you get and the further you get into the slow-go phase. Studies also show that the third phase of retirement can be very costly due to increases in healthcare. Housing requirements also change with downsizing in the second stage and then into care facilities in the third stage.

The key to planning is to know where you are in retirement and to look ahead and put in place the necessary plans for future movement into the next phase. Plan ahead; it can make a huge difference.