The Wealth Compass
Navigating Your Financial Journey

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The First Year of Retirement: What Surprises Even the Best-Planned People

Why your first year in retirement is so revealing — and how we help you adjust.

No matter how carefully you've prepared, the first year of retirement is when you truly start to see how your plans and day-to-day life fit together.

A recent Kiplinger piece calls it the "First Year of Retirement Rule." In our experience, this rule rings true:

- Your spending may spike. Travel, hobbies, or long-delayed home projects often front-load expenses. Many clients find their lifestyle doesn't fit the neat 70–80% of pre-retirement income rule — at least not right away.

- Emotions drive choices. Whether it's the joy of freedom, uncertainty about identity, or renewed family time, big feelings can shape financial decisions in unexpected ways.

- Taxes shift. Combining withdrawals from IRAs, pensions, and brokerage accounts creates a new tax puzzle. RMDs and Medicare premiums (IRMAA) can also sneak up fast.

That's why we think of the first year as a financial dress rehearsal. Together, we'll watch how reality stacks up against the plan and fine-tune as needed.

How We Help in Year One: Turning Your Plan Into Reality

The first year of retirement is a time to test drive your plan — not just financially, but emotionally and practically.

The best retirement plans are living documents. We adjust them to your life — not the other way around.

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Here’s how we guide you through it:

Check actual vs. projected spending

Most retirement plans start with a projection: we estimate living expenses, travel, insurance costs, taxes, and discretionary “fun money.” But it’s one thing to see it on paper, and another to live it. In your first year, we will compare your *actual spending* to what we planned. If it is more or less than expected, we’ll make adjustments early. This helps keep your long-term plan on track without unpleasant surprises later.

Adjust investment income needs

Even with careful planning, your income needs in retirement can shift. We’re proactive about adjusting portfolio withdrawals or rebalancing to ensure your income flows match your new lifestyle — while still protecting your nest egg for the long haul.

Hold a “retirement checkup”

Think of this as your post-retirement wellness visit — but for your finances. During your first year of retirement, we can meet a few times to review:

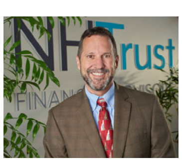
- Is your spending pattern stabilizing?
- Are you enjoying the lifestyle you envisioned?
- Do we need to adjust your withdrawal rate or risk profile?

It’s also a time to talk through what you’ve learned about yourself in retirement — what activities give you purpose, what surprises came up — so your financial plan continues to align with your evolving life.

Retirement isn’t a static event. It’s a new chapter with its own learning curve. We’re here to guide you through these first critical years and beyond, so you can focus on enjoying what matters most.

Reference

Schroeder, J. (2025, June 14). *The 'First year of retirement' rule*. Kiplinger. https://www.kiplinger.com/retirement/retirement-planning/the-first-year-of-retirement-rule



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