

SECOND ACT 360

A READER GUIDE

The 7 Retirement Money Mistakes People Make After 60

Plain-English fixes for the decisions that quietly cost the most —
written for Central Jersey readers, not for Wall Street.

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The Editorial Team · Second Act 360

AT A GLANCE

The seven mistakes — and where each one lives

- 1. Treating a portfolio balance like a finish line**
- 2. Double-counting dividends**
- 3. Claiming Social Security by default instead of by decision**
- 4. Ignoring which bucket the money sits in**
- 5. Underestimating the first five years**
- 6. Assuming Medicare covers long-term care**
- 7. Having a portfolio instead of a plan**

Each mistake gets its own page: what goes wrong, and the plain-English fix.

Treating a portfolio balance like a finish line

WHAT GOES WRONG

A round number — a million, half a million — feels like an arrival. It isn't. A balance only matters in terms of the monthly income it can support without running dry, and that depends on withdrawal rate, taxes and timing, not on the number itself.

THE FIX

Convert the balance into a monthly number before you make any decision. At a 3.3%–4% withdrawal rate, \$1,000,000 is roughly \$33,000–\$40,000 a year, or about \$2,750–\$3,333 a month, before tax. Do the same arithmetic on your own balance and compare it with what you actually spend in a month. That comparison, not the balance, is your retirement plan.

Double-counting dividends

WHAT GOES WRONG

A very common mistake among careful savers: they plan to withdraw 4% and also plan to live on the dividends, as if those were two separate sources of money. They aren't. Withdrawal-rate math is total-return math — it already includes every dividend and interest payment you receive.

THE FIX

Pick one number: what leaves the account each year. If a fund's distributions cover part of it, the rest comes from selling shares; if distributions exceed it, the excess gets reinvested. Spending the distributions first is simply the automated portion of the same withdrawal.

Claiming Social Security by default instead of by decision

WHAT GOES WRONG

Claiming at the first opportunity is the single most common irreversible retirement decision, and it is usually made because the option becomes available rather than because the math was run. Benefits are permanently reduced for claiming early and permanently increased for waiting.

THE FIX

Run the decision as a household, not as an individual — the survivor keeps the larger of the two benefits, which is why the higher earner's claiming age matters most. Look up your own numbers in your Social Security statement at ssa.gov rather than relying on rules of thumb, then compare claiming now against waiting, including the effect on the survivor.

Ignoring which bucket the money sits in

WHAT GOES WRONG

Two people with identical balances can have very different spendable income. Money in a Traditional IRA or 401(k) is taxed as it comes out; Roth money generally isn't; in a taxable brokerage account only the gain is taxed. A plan built on pre-tax balances overstates real income.

THE FIX

Write down three balances — pre-tax, Roth, taxable — and plan withdrawals across all three. The order you draw from them in the first years of retirement affects lifetime tax, Medicare premium surcharges and how much is left for heirs.

Underestimating the first five years

WHAT GOES WRONG

A poor market at the very start of retirement does far more damage than the same market ten years in, because withdrawals lock in losses on shares you can never buy back. This is sequence-of-returns risk, and it is driven by cash leaving the account after a decline.

THE FIX

Hold enough in cash and short-term bonds to cover one to two years of withdrawals, so that a bad year can be funded without selling into it. Build flexibility into the spending plan: the willingness to trim withdrawals modestly for a year is worth more than any product.

Assuming Medicare covers long-term care

WHAT GOES WRONG

It largely doesn't. Medicare covers short, skilled, medically necessary stays, not the extended custodial help most families eventually need. Families discover this in the middle of a crisis, when every option is expensive and rushed.

THE FIX

Price care where you expect to live, not against a national average — rates in Central Jersey differ from state and national figures. Decide in advance which of the realistic routes you would use: personal assets, a hybrid life/long-term-care policy, family care, or Medicaid planning with an elder-law attorney. Traditional standalone long-term-care insurance is largely off the table today; most carriers stopped writing it.



Having a portfolio instead of a plan

WHAT GOES WRONG

Investments are the part people enjoy discussing, so they get all the attention while the decisions that move the needle more — claiming age, tax sequencing, where you live, health costs, beneficiary designations — go unexamined for years.

THE FIX

Once a year, review the boring list: beneficiary designations on every account, current property tax and insurance costs, what a bad health year would cost you, and whether your withdrawal number still matches what you spend. Fix one line a month rather than trying to fix everything in one sitting.

THE NEXT STEP

One honest checklist, used once a year, is worth more than any product.

Nothing here is personal advice — it's the checklist we'd want a friend to see before making an irreversible decision. If a line on it applies to you and you'd like a licensed advisor on our team to walk through your own numbers, you can ask us directly.

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