



## May 2024 – FCF Monthly Newsletter - 7 Disciplines That Lead to Happy Retirement

Much has been written about saving for retirement, and we adhere to the principle that financial security is a key component to a successful retirement.

Many of you are on that road right now, while others are accessing the savings accumulated over a lifetime.

Knowing how much money you can withdraw each month from savings is important. Ask anyone who has retired. They will tell you that. But if you dig a little bit deeper, you'll find that's half the equation.

Money is important, but money doesn't guarantee a happy retirement.

Thomas is married. He is retired, and his wife works part-time. He seems busier today than when he worked for a mid-sized company. He enjoys golf and plays often, but that's the story of most golfers, right?

He volunteers at the local blood bank and regularly visits the children's hospital with his dog, lifting the spirits of young patients. He travels to visit his mother in another state, he vacations with his wife, and they visit their kids often.

Jonathan is retired and financially stable, too. He hosts an Airbnb and even has a third side hustle. But at times he regrets leaving his corporate job, as he sometimes feels isolated and struggles to keep busy.

Some of us love what we do, and we'll work well into our 70s or 80s. Others, however, yearn for the day when they will awake on a Monday morning without any obligations. But how do we fill our time?

You are entering a new phase of life, and a successful and fulfilling retirement must have purpose.

Every year, the U.N., the Gallup organization, and a consortium of groups produce what's called the World Happiness Report. (Yes, there is such a thing.)

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For those over the age of 60, the U.S. ranked 10<sup>th</sup> out of 143 nations in happiness. Canada edged out the U.S., grabbing 8<sup>th</sup> place. In case you are wondering, Denmark topped the list.

Yet, according to *Psychology Today*, almost one-third of retirees feel depressed at times. For many, it's the absence of time in the office, and the loss of structure, identity, and purpose.

### **Making the best of retirement: 7 disciplines**

**1. Can you ease into retirement?** If you are able, consider cutting back from full-time to part-time. It's not only a way to stretch out your savings, but you are testing the waters of full-time retirement while keeping active professionally.

Consider this option a bridge to retirement.

**2. Keep in contact with your work friends. Stay active socially.** You've spent years with many of these folks, and they have become a part of your life. For some, they are extended family.

Participating in social events at your local community center, house of worship, or library can be a great way to stay connected. Do you enjoy museums, game nights, bowling, hiking, walking, book clubs, or volunteering? Your interests will direct your activities.

Volunteering ideas include:

- The library
- Your house of worship
- Community arts center
- Hospital or medical center
- School district
- Animal shelter
- Food bank
- Senior center
- Outdoor parks and recreation

Isolation will take a toll on your health and mental attitude.

**3. Set goals.** “If you fail to plan, you plan to fail” feels like a worn-out cliché. In reality, much wisdom is packed into these nine words.

Setting goals allows you to gain some control over your future. It helps put you in charge as you chart a new course in life.

- What are your priorities in retirement?
- Would you like to downsize and relocate? Where might you want to live in retirement? What’s important in a new location?
- Would you like to take up a new hobby such as learning a musical instrument, dancing, painting, winemaking, cooking, geocaching, or even skydiving?
- What new activities would you like to tackle?
- What do you like to do for fun?

Equally as important, set joint goals with your spouse.

Be specific about your goals. Make them realistic and achievable, and measure your progress with deadlines. It goes without saying but be sure your goals align with your values.

**4. Health and happiness—prioritize wellness and health.** We cannot choose your goals for you, but we want to stress the importance of maintaining fitness. Consistent exercise can improve your overall health and well-being while also boosting your self-esteem.

But before starting any physical activity, please check with your physician. He or she can recommend a routine, help improve on what you’re already doing, and suggest ways to stay motivated.

**5. You were once a student in school,** and you continued to learn and innovate at work. Maintain that posture in retirement! You exercise for physical health. Well, exercise your brain, too!

According to Harvard Medical School’s HealthBeat newsletter, studies have shown that you can help prevent cognitive decline and reduce the risk of dementia with some good health habits:

- Stay physically active
- Get enough sleep
- Quit smoking
- Maintain good social connections
- Limit alcohol to one drink a day, and
- Eat a Mediterranean-style diet.

## 6. Count your blessings. It's easy to gravitate to the negative. Don't!

What did you accomplish today? Did you exercise, meet with a friend, cook a new dish, find a new recipe, work in your garden, or plan a trip?

Studies suggest that writing down your positive feelings—just a few minutes each day—provides overall mental and physical benefits.

**7. Structure.** “When I retire, I'll do whatever I want when I want” has a certain appeal. But lack of structure can get you into trouble. Like a rudderless boat, you'll begin to drift. You have 40 hours each week that are no longer occupied with familiar tasks. What do you do now?

You could consider a morning walk or a trip to your health club. What about a relaxing mid-morning coffee break? Can you volunteer and help others? What time do you like to shop or run errands?

Schedule your new hobbies. A schedule allows you to focus, gives you clarity and purpose, and forces you to engage.

It doesn't have to be rigid. You are not on the clock. You are retired. You have time. But as many of us have often found, if we have too much time, time just seems to slip away. Little is accomplished.

Did that happen to you today? If so, start making changes tomorrow.

## Does the Fed have the right recipe?

Have you ever baked a cake? Nothing fancy, nothing complicated. You obtain a recipe, follow the instructions, bake, and out pops a cake ready to enjoy. Simple, right?

The cake recipe includes specific instructions on the required baking time and temperature.

Well, the Federal Reserve has an anti-inflation recipe it has been following. It consists of one primary ingredient: interest rates.

However, the Fed's recipe for interest rates is not as straightforward.

The Fed must use its knowledge and know-how, making an educated guess at the appropriate interest rate level (temperature) and how long it should maintain that rate (how long in the oven) so that it may achieve its goal of price stability without throwing the economy into a recession. It's a tall order.

Too low a temperature and not enough time in the oven, or too high a temperature and too long in the oven, will not produce the desired results.

In today's post-pandemic, high-deficit, AI-powered world, the correct time and temperature in the oven may have changed.

Despite a lackluster Q1 GDP, most metrics suggest the economy continues to expand at a solid clip.

Job growth is strong, layoffs, as measured by first-time claims for unemployment benefits, are low, and consumers aren't shy about spending on items they desire.

But last year's remarkable progress on inflation has stalled.

Inflation makes it tougher for consumers and those on a fixed income to make ends meet. For investors, hopes for a series of rate cuts, which have helped power stocks this year, are fading.

### **Higher for longer is dead. Long live higher for longer.**

Last year, the Fed often talked about keeping rates "higher for longer." As inflation improved, chatter about rate cuts increased.

But inflation is no longer following the Fed's script. Progress has stalled. And in some cases, we're witnessing an acceleration.

Consequently, expected rate cuts have been delayed, and market volatility has risen in response.

What's going on with inflation? Well, it's the tale of two cities. On the one hand, price hikes for consumer goods have ended, according to the U.S. Bureau of Labor Statistics, which releases the monthly Consumer Price Index.

In fact, prices have actually fallen, as mucked-up supply chains have righted themselves.

But services are what economists call "sticky." In fact, price hikes have started to accelerate.

And here lies a problem, as services such as insurance and health care are more resistant to Fed policy.

It's possible that the recent uptick in inflation is temporary, and the road to price stability is just bumpier than many had anticipated. Come August or September, we may be having a different conversation.

Economic growth is solid, and that's reflected in stronger corporate profits, which limited the downside in April.

Key Index Returns		
Index	MTD %	YTD %
Dow Jones Industrial Average	-5.0	0.3
Nasdaq Composite	-4.4	4.3
S&P 500 Index	-4.2	5.6
Russell 2000 Index	-7.1	-2.6
MSCI World ex-U.S.A.**	-3.0	1.7
MSCI Emerging Markets**	0.3	2.2
Bloomberg U.S. Agg Total Return	-2.5	-3.3

Source: MSCI.com, Bloomberg, MarketWatch  
 MTD returns: March 28, 2024 – April 30, 2024

*YTD returns: December 29, 2023 – April 30, 2024*  
*\*\*in U.S. dollars*

## Final thoughts

Stocks have an excellent long-term track record, but they don't rise in a straight line. We expect detours over the shorter and medium term.

April's peak-to-trough pullback was extremely modest—barely over 5% for the broad-based S&P 500 Index per Yahoo Finance.

As we cautioned last month, taking a more aggressive stance simply based on market action can lead you down a road that may be too risky for your tastes. But we are also mindful that when stocks hit turbulence, we don't want to shift to a more cautious stance simply based on volatility.

Market timing is rarely a profitable strategy. Simply put, you must know when to sell near a top, and when to buy near a bottom. We know of no one who has mastered that concept.

For investors with a long-term time horizon, it's not about timing the market; it's time in the market that has historically produced long-term results.

I trust you have found this review to be informative. If you have any inquiries or wish to discuss other matters, please don't hesitate to contact us.

Thank you for reading,

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