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The Differences Between Happy and Unhappy Retirees

Learn why some people are happily retired and others are miserable.

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SOME RETIREES ARE happy, while others are downright miserable. According to financial planners, what separates the [happy retirees](#) from the unhappy ones comes down to getting a few things right in pre-retirement planning. Financial advisors say happily retired clients are financially stable and have properly thought out and planned their retirement. Here's what differentiates the happiest retirees.

The freedom of being debt-free. Retirees without any debt have more flexibility to spend money on their current lifestyle and [less stress](#) about making ends meet. "One of the biggest things that differentiates the people who are happy or unhappy is, 'Did they pay off their mortgage?'" says Paul T. Murray, principal at Wealth & Advisory Associates in Chalfont, Pennsylvania. "Paying off your mortgage is critical." The weight of the home mortgage and other debt weighs on people mentally, and forces some into part-time jobs they may not want.

Monitoring spending. Uncertainty about how you will pay your bills can cause problems in retirement. Developing a simple budgeting system can make it easier to [track your finances](#) and adapt to changes. "People who are doing well have a practical spending and budget system," says Dan Prebish, director of life event services at Wells Fargo Advisors. "They are not necessarily people who do elaborate accounting and are always on the computer trying to keep track of every penny. Some people have a simple methodology, but they know what they're spending."

Clear communication with a spouse. Both members of retired couples should pay attention to the household budget. "For a couple, I think people are most happy who talk about financial issues regularly, even if the wife handles most of the finances and the husband is not interested," Prebish says. "The fact that we sat down and had a little report seems to be a hallmark of

successful, happy and thriving retirees." Financial communication also helps couples to be better prepared if the spouse who handles the finances dies or is incapacitated.

Diverse income sources. The retirees who are most content have not only saved well, but they have saved the right way. That means they have income from multiple sources in retirement. For example, you probably don't want all of your retirement income to come from a tax-deferred 401(k) plan or IRA. "A lot of retirees save tons (of money), but they are facing taxes on income, and now they realize they are not in a lower tax bracket as they thought," Murray says. "Some of the most successful (retirees) have converted their IRAs into Roth IRAs. The benefit is when they pull income out, it is free of taxes."

An active social life. Retirees need to take action in order to [maintain a social life](#). "People are happy who move to a community where they have friends or can make friends or have activities that reinforce what they like to do – arts, or being by the water or having an active network," says Janet Taylor, a psychiatrist and certified life coach. "When people, especially couples, have a sense of purpose and have activities that support their values (they are happy). That includes volunteering, giving back to the community and living in a way that reinforces their sense of purpose and value."

A lifestyle plan. The happiest retirees have a plan for how they will [spend their time](#) and carry it through. "I would say the one underlying theme with happy retirees, aside from the financial, is they are engaged, they have hobbies and things they want to do. Now, this extra time is letting them do it," says Bill Van Sant, senior vice president and managing director at Univest Wealth Management in Souderton, Pennsylvania. "If I see retirees keeping busy, supporting causes or grandkids, I find overwhelmingly that those folks are more happy versus those who may be well off, but don't have a hobby or have physical limitations. Those retirees are not that happy. They are getting bored and are not getting enjoyment."

There are some people who [don't enjoy being retired](#). "Some folks don't retire. They go back to work," Van Sant says. "I find folks today delay retirement, not because they need money. They don't have the desire to do anything but work. They will never be happy retired."