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MONEY AT WORK

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The 'First Year of Retirement' Rule

While the first year of retirement generally features fewer keg parties, football tailgates and all-nighters, it shares one unique similarity with college: It's a new beginning.

For thousands of new retirees every day, it's a time to spread their wings and discover — or rediscover — their sense of self. And, like college, if you take too much advantage of that freedom and neglect your responsibilities, it can hurt the whole experience.

That was the case for one woman who retired with a large pension after 30 years at a major corporation. Within six months, she'd traveled extensively, gifted her adult children money and was considering a second home — all without a financial plan. A surprise tax bill soon followed, and the risk of "dropping out" of retirement became very real.

Fortunately, with a financial adviser's help, she got her finances back on track, allowing her to still enjoy her savings but with greater intention.

"The first year of retirement is one of the most defining periods in a person's financial life," says Renee Collins, founder of Retire Ready Inc. and the helpful adviser of this story. "It's not just about leaving the workforce — it's about creating a new identity, routine and relationship with money."

Research shows many are unprepared for this transition. In fact, the Financial Planning Association's 2025 Trends in Retirement Planning survey reports that just more than half of planners think their clients are financially prepared for retirement, and only 11% believe they are emotionally prepared.

Retirement, of course, isn't a four-year stint. It could span a third of your life. And while every year matters, experts say the first may stand apart. It can trigger mistakes that snowball, or set the stage for a fulfilling second act.

Why the 'first year of retirement' rule matters

Scott Van Den Berg, president of Century Management, puts it this way: "In my experience, the first year of retirement sets the tone — both financially and emotionally. Old routines fall away, and new habits — good or bad — start to take hold."

This period is often referred to as the "go-go years," when retirees are most likely to spend money on things like travel, recreation and bucket-list experiences.

According to the 2024 Consumer Expenditure Survey, average annual spending for adults aged 65-74 is $65,149. By age 75, that figure drops by nearly 20% to $53,031.

There's a risk of getting too comfortable with this early level of spending, potentially jeopardizing savings meant to last decades.

But the opposite risk is also real: scaling back too far and living in "preservation mode," which could mean missing out on goals and experiences you could otherwise afford to enjoy.

Research shows retirees are significantly more comfortable spending guaranteed income than non-guaranteed income, a behavioral trait that may encourage underspending even when it isn't necessary.

The first year also brings a physical and mental boost, the so-called "honeymoon phase." But that boost may be shorter-lived than many expect. One study found that after just two years in retirement, that effect had largely disappeared, as retirees adapted to their new reality.

Some then reverse course, even returning to work within a year. The pandemic spurred 2.4 million "excess retirements" in 2020, according to a T. Rowe Price analysis of Federal Reserve data. But by March 2022, about 1.5 million retirees had already "unretired."

And it's not always for the money. A recent survey found that one in eight older adults plans to return to work in 2025. While rising living costs topped the list of reasons, "boredom" ranked a close second.

That's why the first year of retirement matters. It's when patterns take root. And the habits you form — financially, socially, emotionally — can greatly influence your retirement future.

Aligning your finances with the 'first year of retirement' rule

In the excitement of newfound freedom and a well-stocked nest egg, it's tempting to splurge. Van Den Berg calls this the "victory lap phase."

That's why he advises: "Pause before making any big, irreversible decisions in the first 6–12 months." He stresses the importance of giving yourself time to adjust, both emotionally and financially, before locking in major choices like large gifts, home renovations or claiming Social Security.

Collins echoes this advice, emphasizing the need for a retirement income plan to avoid overspending.

"Newly minted retirees might receive a lump sum from a pension or 401(k), feel a false sense of security, and start spending freely without understanding the long-term impact or tax consequences," she says. "This can create problems that are hard to reverse, especially when those funds are meant to last decades."

Part of the solution, Collins says, is building a realistic, sustainable withdrawal strategy that replaces your paycheck and gives you clarity about what you can safely and comfortably spend.

It also helps guard against a common danger in the early stage of retirement: selling investments at a loss during a market downturn. Doing so can drain your portfolio and make recovery harder, potentially shortening how long your money lasts.

To reduce the risk, Van Den Berg suggests holding 12-18 months of income in cash or low-risk investments. Essentially, this "bucketing" approach allows you to ride out market volatility without prematurely dipping into long-term investments.

To reduce the risk, Van Den Berg suggests holding 12-18 months of income in cash or low-risk investments. Essentially, this "bucketing" approach allows you to ride out market volatility without prematurely dipping into long-term investments. But for many retirees, managing money differently isn't the hardest adjustment. The bigger challenge? Rebuilding structure and purpose in daily life.

Living by the rule

The first year of retirement is when people either lean into purpose, or drift into uncertainty.

Consider that research finds that those who retire based on aspirational motivations and positive circumstances (i.e., on their own terms) experienced significantly lower rates of depression. In contrast, those retiring under negative circumstances (i.e., forced to retire) were more likely to see their mental health decline.

"For those with abrupt transitions," says Dana Anspach, founder of Sensible Money, "that first year of retirement is critical to what comes next."

She encourages a mindset of exploration: "Be curious. Explore new activities. Try new things. Say yes to everything, but don't make any long-term commitments. Pay attention to what gives you energy and do more of it."

Relationships also play an outsized role. Studies consistently show that loneliness contributes to both physical and mental decline. That's why Anspach strongly urges retirees to stay connected: "Engage in group activities — yes, even if you're an introvert. Retirees with strong social ties report far greater fulfillment."

Routine can help, too. Van Den Berg advises, "Retirement doesn't need to be tightly scheduled, but some rhythm prevents the days from simply blurring together."

Anspach says some retirees can also expect an emotional adjustment. "You may go through the stages of grief — denial, anger, bargaining, depression and finally, acceptance. Give yourself grace to work through these natural emotional cycles."

She recalls one client who reluctantly retired after a return-to-office mandate. Though he enjoyed some initial travel, he soon missed the social connections and sense of purpose work provided. Moving to a 55+ community helped. After joining a softball league and building new friendships, he found renewed meaning — and now encourages other new retirees to keep exploring until they find their own new place.

And there may be more time to explore than many realize.

For a 65-year-old couple today, there's a 50% chance that one partner will reach 90, and a 20% chance one will reach 100. With rapid advances in healthcare and technology, the odds of living a healthy, active life late into old age are improving.

Perhaps the better way to view retirement isn't in terms of years, but decades. As Bill Gates once said, "Most people overestimate what they can achieve in a year and underestimate what they can achieve in ten years."

Still, how you shape the first 12 months can shape the decades to come.

The Hidden Costs of Caregiving: Crisis Goes Well Beyond Financial Issues

Many caregivers are drained emotionally as well as financially, leading to depression, burnout and depleted retirement prospects. What's to be done?

Emotional and social impact

Caregiving can be both fulfilling and rewarding, according to 80% of the caregivers who participated in the study.

However, it's also a significant emotional responsibility, especially when it falls to one person.

For example, those caring for aging adults are often managing household tasks, providing emotional support and assisting with medical and financial needs while also maintaining their own households and caring for their children.

It is little wonder that these caregivers, whose responsibilities frequently exceed their capacity, are also stressed (83%), burnt out (77%) and, in some cases, experiencing symptoms of depression (60%).

Overburdened caregivers also find it harder to prioritize their personal health and well-being (67%) over the loved ones in their care.

Financial impact

Half of those caring for aging adults are ages 30 to 64, a life stage that coincides with peak career demands and earning potential.

Unfortunately, with little to no federal or employer support, overwhelmed caregivers often make risky financial decisions that can jeopardize their own financial wellness and retirement security to ensure proper care for their loved ones. According to our study:

25% of caregivers stopped working completely
24% reduced their work hours or took leave from work
18% reduced contributions to their retirement accounts
10% passed up career-advancement opportunities

The costs of unsupported care are also causing caregivers to dip into their own pockets, with 29% of study participants reporting they incurred out-of-pocket expenses in caring for aging adults.

According to an AARP report, caregivers spend an average of $7,242 per year out of pocket for caregiving-related costs, including expenses for home modifications, medical supplies, transportation and paid help.

When it comes to out-of-pocket costs for quality childcare, Americans pay some of the highest prices in the world.

In the face of these financial headwinds, it's easy to understand why the top financial concerns caregivers say they face include rising costs and inflation (56%) and inadequate retirement savings (42%).

Support from an unexpected resource

While it might seem counterintuitive, a financial adviser is the most versatile expert a caregiver can have in their support circle. They can connect a caregiver with a roster of professionals to address both financial and emotional needs, including health care experts, therapists and social workers.

By taking a holistic approach, financial advisers are able to help caregivers navigate the complex realities of care while planning for long-term stability and well-being.

One of the greatest fears of aging for most of us is becoming a burden on our children.

That sentiment was validated by 86% of the respondents in the study. The top reason caregivers, particularly those caring for aging adults, seek professional financial advice is to prepare for their own future care.

While more than half of caregivers reported not working with a financial adviser, those who do reported being more confident in their financial future, according to the study.

Bipartisan support for caregiving

More than two-thirds of Americans (68%), regardless of political affiliation, say the government is not doing enough to support caregivers.

Further, the research found that Americans support enacting legislation that would aid caregivers, with more than three-fourths of both Republicans and Democrats in favor of such policies.

In addition to stronger, more consistent government support, 3 in 4 adults (74%) believe employers should offer such benefits as financial support or flexible work arrangements for employees with caregiving responsibilities.

This is particularly supported by caregivers of children under age 18.

At Edward Jones, we wholeheartedly agree. That's why we strongly support the Improving Retirement Security for Family Caregivers Act and the Catching Up Family Caregivers Act.

The goal of this bipartisan legislation is to mitigate the long-term financial impact on caregiver financial security by offering enhanced retirement savings opportunities for unpaid or underemployed family caregivers.

How caregivers can take action

If caregiving touches your life or the life of someone you love, take action today.

Start by creating a plan — don't wait for a crisis to force your hand.

Have honest conversations with your loved ones, especially aging parents, about their needs and wishes.

Understand the financial realities of caregiving and take steps to prepare, including building an emergency savings account to handle the unexpected.

Your proactive choices today can make all the difference tomorrow.

How to Get Rid of the Things Your Kids Don't Want While Downsizing

Whether moving by necessity or choice, downsizing means deciding what to do with your stuff. Here's what to do if the kids and grandkids don't want it all.

Charlie Gary's wife, Susan, had a passion for restoring old homes. She also loved fine antique furniture and oriental rugs. "Over the years, she accumulated lots of it," Gary says.

That may be an understatement. When Susan died in February 2024, her collection was showcased throughout the couple's 7,000-square-foot home in Louisville, Ky. The overflow that didn't fit into their home filled seven climate-controlled storage units — each 20 feet by 30 feet — to the ceilings.

After Gary put the house on the market and it sold within 10 days, he was forced to face the elephant, or, in his case, the antiques, in the room: "I said, 'What are we going to do with this stuff?'"

That's a question many of the more than 70 million baby boomers are likely asking themselves as they think about downsizing. Among generations, boomers — born from 1946 to 1964 — own the largest share of houses in the U.S. with three or more bedrooms, according to a report by real estate company Redfin. Although most older adults want to age in place, 44% expect to relocate at some point, according to AARP.

Whether they move by choice or necessity, boomers may end up in a situation similar to the one that Gary, who is 77, faced after he sold his home. When he moved in with his younger daughter in Cincinnati, he took a bed, a dresser, and a couple of chairs. The rest had to go.

The obvious choice for boomers looking to unload belongings is to pass them on to their adult children. But the next generation isn't necessarily eager to get Mom and Dad's china, crystal, silver and collectibles.

"These adult children already have their own stuff," says Amy Wilson, founder of Estate Transitions, a project management company in Louisville that helps people redistribute belongings when downsizing. "They don't have room for more."

It can be hard for boomers to hear that their children don't want some or all of their things, especially if they thought those items would be heirlooms. "I hear it time and again: 'These were all supposed to be worth something,'" Wilson says.

However, just because your children aren't interested in your belongings doesn't mean they're worthless. Gary's daughter in Cincinnati and his other daughter, in Louisville, took some furniture and artwork they knew their mother loved. Gary hired Wilson to find buyers for the rest of his wife's collection and gave the profits from what was sold to his daughters.

The key to cashing in on items that you're ready to part with is knowing which are worth trying to sell and the best way to sell them for top dollar. You shouldn't expect to make enough to fund your retirement, but you might be able to supplement your nest egg, pay down some debt or even share the wealth with your kids, as Gary did. After all, they probably won't say no to cash.

Decide what should stay and go

Whether you're downsizing or just trying to declutter, start by taking inventory of what you have. This will also help you create or update estate-planning documents, such as a will or trust.

As you go through your things, do so with an eye toward identifying which items matter most to you. "Focus first on prized possessions," says Laura Olivares, president and co-founder of Silver Solutions, which is headquartered in West Palm Beach, Fla., and provides senior-focused home services, including help with downsizing.

If you're moving, consider whether those possessions will fit in your new space and accommodate your physical needs, she says. For example, you might have furniture that is difficult to access or rugs that could be tripping hazards. Taking a practical approach will help you establish a hierarchy of what to keep. Once you've done this, then you can figure out how to handle what is left.

Talk with your children. Have conversations with your children or other family members about which of your items they might want now or in the future. This also gives you an opportunity to let the next generation know what things have sentimental or monetary value.

"It's okay if they don't want all of the items," Olivares says. The point is to establish what your children plan to take so you know which things you can sell or donate without regret.

Identify items worth selling. In general, it's worth trying to sell things that cost a lot to purchase and are in good condition, Wilson says. This includes artwork, antiques, furniture, oriental or high-end rugs, fine jewelry, gold, and sterling silver.

Vintage toys, clothing, and electronics such as tape decks and turntables are currently selling well among younger generations looking for unique items, says Sarah Hersh, co-owner of Ben Hersh Estate Sales in Cherry Hill, N.J. Instruments such as guitars also are popular.

In general, collectibles are hit or miss. The market for sports memorabilia, comic books, and coins is strong compared with the market for stamp collections, which has declined over the past 30 years, says Molly Gron, managing director of the Trusts, Estates and Private Clients Group at Freeman's | Hindman auction house in Chicago.

"But a rare Inverted Jenny stamp can sell for six figures," she says. (The Inverted Jenny is a misprinted postage stamp that bears an image of an inverted Curtiss biplane, known as a Jenny.)

Most mass-produced Hummel and Lladró figurines are hard to sell. Crystal, china dinnerware, and silver-plated platters and serveware aren't popular, either, Wilson says.

Upright pianos can be the most difficult to unload. "If it's not a pristine Steinway, start looking for a home for it today, even if you're not moving," Hersh says. In fact, you'll likely have to offer to pay the cost of moving a piano to get someone to take it.

Adjust your expectations

Get an idea of what people are willing to pay before you sell anything. Prepare for the amount to be significantly lower than the original purchase price.

For example, top-of-the-line furniture that is mass-produced won't command a high price even if it's relatively new. "Most people aren't interested in buying that kind of furniture," Olivares says. They're more interested in unique items, such as mid-century modern furniture.

Gary, with the help of Wilson, realized that the market for antiques had changed drastically since his wife bought the items he wanted to sell. "I had to accept the fact that we were not going to get anywhere close to what she paid for it," he says.

If you've worked with an interior designer in the past, that person might help you get a sense of what your items are worth. You could contact antique dealers, who might charge a fee for reviewing your items. Online auction sites such as eBay can help you see how much items similar to yours are selling for. For used home furnishings, check out sites such as AptDeco.com and Chairish.com.

Get an appraisal for high-value items. If you have items that were appraised years ago, Gron recommends having them re-evaluated because their value might have changed. You can find an appraiser through the International Society of Appraisers (www.isa-appraisers.org) and the Appraisers Association of America (www.appraisersassociation.org/find-an- appraiser). Most charge an hourly rate, she says.

Best ways to sell

There are several avenues to sell your stuff. The method you choose depends on the types of items you want to sell, the effort required, costs and commissions, estimated proceeds, and what feels most comfortable for you.

Consignment shops. Furniture and home decor that are in good condition are relatively easy to sell through a local consignment store. You might be required to send pictures of the items you want to sell so the store can vet them. Otherwise, you simply drop off your items, and the store does all the work to sell them. (Some stores will pick up items from your home for a fee.) Typically, consignment stores will keep 50% of the sale price, Wilson says.

With online furniture consignment stores such as AptDeco and Chairish, you can take photos of your items and list them for free on the sites. AptDeco will pick up your items and deliver them to buyers; it keeps 30% of the sale price. Chairish also provides pickup and delivery, and it takes a 40% commission on sales.

Antique dealers. If you want to find a buyer on your own for your antiques, contact several antique stores in your area to let them know what you have. They likely will ask for photos, dimensions and descriptions of your items, Wilson says. If they're interested, they'll want to see your items in-person, which means you might have to take your items to them.

If possible, get two or three bids for your antiques. Be aware that the price antique dealers offer will be 50% to 80% of the price they expect to sell the item for because they have to make money from the sale, Wilson says.

Estate sales. Estate sales are no longer just for wealthy families with a lot of antiques, Hersh says. "Now it's an anything-goes marketplace," she says. "As long as you have enough stuff, almost anyone can qualify for an estate sale." You can expect high-quality items made by a well-known company to sell for about one-third of what you paid for them.

Typically, estate sale companies will come to your home to evaluate the items you want to sell, manage all aspects of the sale and clean out whatever is left over. They operate on commission. In the Northeast, where Hersh is, the commission is usually 35% of gross sales. However, some companies charge a variety of fees, so make sure you're aware of what you'll be charged before agreeing to an estate sale.

Be aware that the sale will be held in your home. "If you're not comfortable with people coming into your house, an estate sale is not for you," Hersh says. If you choose the estate-sale route, hold the sale as close to your move-out date as possible. Leave your home during the sale because it can be emotionally difficult to watch your belongings being sold, she says.

Auction houses. An auction house can be ideal for selling valuable artwork, jewelry, first-edition books, collectibles and furniture. The bidding process can help drive up prices. Plus, the transparency of an auction is attractive to a lot of people because the selling prices are public record, Gron says.

Auction houses require that you send photos of the items you're interested in selling. Appraisals of your items are helpful but not necessary. The auction house will provide you with a low and high estimate for the amount at which your item could sell.

"Opening bids typically start somewhere below the low estimate but, depending on the interest and bidding, can sometimes far exceed the high estimate," Gron says.

The standard seller's commission ranges from 10% to 30%, plus any shipping and insurance costs for items. After the sale, you can expect to receive your proceeds within 30 to 35 days, Gron says.

Downsizing specialists. Hiring someone to assist you is ideal if you have several high-end items and are willing to pay an expert to create an inventory of them, assess their value and help you get the best price possible. This sort of service can also be a good fit if your age and health will make it difficult to manage the sale of your items on your own.

Look for professionals who have a background in interior design or home organization and can help you create a senior-friendly home if you're downsizing to address physical and health needs.

The fee structure can vary for downsizing services. Wilson charges a fee based on the size and time frame of the project, plus any expenses incurred with the sale or shipping of items. Olivares says that Silver Solutions' pricing varies by market but starts at $995 per day. Ask a real estate agent for a recommendation to find professionals who help with downsizing, Wilson says. Retirement communities may also provide a list of services.

Where not to sell. Both Wilson and Olivares caution against trying to sell your items on online marketplaces because of the time and effort required and the risk involved. "It opens you up to scammers," Olivares says. They also discourage garage sales because the return isn't worth the effort, and there's a risk in allowing strangers to come to your home outside of an event such as an estate sale, where professionals are present. The easier and safer option is to take items to a consignment store.

Donating may lower your tax bill

In some cases, donating items and claiming a tax deduction may produce a better payoff than selling them. You must itemize on your tax return to claim charitable contributions, and the majority of taxpayers — particularly retirees — claim the standard deduction. However, donating several valuable items in one year might help you reach the threshold to itemize if you have other deductible expenses, such as mortgage interest, state taxes and unreimbursed medical costs.

Plenty of places other than typical donation centers (such as Goodwill) might want your items. For example, churches and other places of worship may accept your china and silver-plated platters to use for special events, says Amy Wilson, founder of Estate Transitions, a project management company in Louisville, Ky., that assists with downsizing.

Refugee centers will accept furniture, small appliances and other items. And organizations supporting families impacted by natural disasters may welcome household items you no longer want.

You can deduct the fair market value of your items, which you can determine based on an appraisal or by checking the prices of similar items being sold on online consignment or auction sites. You must file Form 8283 with your tax return if the amount of your deduction for each donated item is more than $500 or if a group of similar items exceeds a $500 total.

Be sure to get a receipt for your donated items. You'll need a contemporaneous written acknowledgment (CWA) from the charity for items that are worth between $250 and $5,000. You must have an appraisal for items you donate that are worth more than $5,000.

Give Now or Leave an Inheritance? How to Balance the Options.

You've saved enough money for retirement. But can you afford to give some to family or good causes — and when is best? These are the key points to consider. Retirement is a significant life goal, and reaching that milestone often prompts questions about travel plans, new passions and how to fill newfound free time.

The most important questions, however, are often the ones people aren't asking: How much of your retirement savings are you setting aside for charitable causes and gifts? Will you leave an inheritance for your family, or will you share some or all of your wealth during your lifetime?

1. Understand your retirement needs

If you're feeling overwhelmed by decisions tied to your legacy, you're not alone. Ameriprise Financial's 2024 Couples, Money & Retirement study found that about 36% of respondents reported feeling nervous about spending their retirement savings, and more than half (52%) had yet to build an estate plan.

It's important to first ensure your retirement funds last for the duration of your lifetime while allowing for unexpected expenses and emergencies.

Given today's longer life expectancies, it's crucial to account for inflation and prepare for a retirement that could last decades.

2. Considerations for giving while living

Giving while living means actively sharing your wealth and resources during your lifetime. This could be through donations to nonprofit organizations and other causes that are important to you or by giving financial gifts to loved ones.

Giving during your lifetime is a common choice: An Ameriprise Financial survey found that 20% of respondents gifted significant amounts of money while they were still alive, with children and charities being the most common recipients.

There are benefits to distributing your retirement funds this way. With annual gift tax exclusions, you can give up to $19,000 — or $38,000 for married couples — to as many loved ones as you want annually without incurring a federal gift tax.

Gifts donated to nonprofit organizations or other qualifying charities during your lifetime can also entitle you to an income tax deduction.

Individual retirement account (IRA) owners aged 70½ or over can transfer up to $108,000 in 2025 from their IRAs to charity tax-free each year, through qualified charitable distributions (QCDs).

For those who are at least 73 years old, QCDs count toward your IRA required minimum distribution if it is the first distribution you make from your IRA that year.

Giving while living affords you the emotional benefit of seeing your gifts make a positive impact in real time and provides immediate support for your beneficiaries.

That said, gifting significant portions of your nest egg has the potential to put your financial security at risk, so it's crucial that your plans account for scenarios that could throw your retirement off course, such as illness and long-term care.

3. Factors for leaving an inheritance

Knowing that loved ones and charitable causes will receive your support after you're gone can bring you comfort. To make that happen, you may consider setting up a trust according to your wishes or giving back to causes you value.

Gifts made to nonprofit organizations following your death have the added benefit of reducing your taxable estate, thereby maximizing the size of the inheritance granted to your beneficiaries.

Transferring your wealth after your death also ensures you have control over your savings and provides a structured giving approach.

You can move through your retirement years knowing you still have funds available if you're faced with unexpected expenses or long-term care needs.

On the other hand, the financial support you leave behind may come too late to be of maximum impact to your heirs, who may have benefitted from your gift earlier to further their education or buy a house, for example.

4. Find a balance between both approaches

It's possible — and arguably beneficial — to do a combination of giving while living and transferring wealth after your death.

The discussion then becomes one of balance, and of allocating the appropriate funding to each spending category, so you aren't left wondering whether you made the right choices during your hard-earned leisure years.

It's crucial to begin nailing down the details of your estate plans early on and updating them as necessary.

5. Seek professional guidance

The best place to start is having honest and open conversations with your spouse and family about what you want your wealth to mean for you, your loved ones and your community. From there, you can team up with a financial adviser to turn that vision into reality.

Working with a financial adviser isn't only common, it's helpful: Of the couples who participated in Ameriprise Financial's 2024 survey, 58% reported using a financial adviser, and 97% of that group said their adviser improved their financial well-being.

Choosing how to spend your retirement savings can feel overwhelming, but working with a financial adviser can alleviate concerns and help you build a legacy that makes an impact now and for years to come.