THE TOP RETIREMENT BLUNDERS

Costly Mistakes That Could Derail Your Retirement — and How to Avoid Them

After decades of working and saving, the last thing you want is to make a costly mistake in the Retirement Red Zone (ages 55–65) that threatens your financial security. Unfortunately, these blunders are surprisingly common — and often preventable. Read every item carefully. If any of these describe your current situation, it is time to take action.



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1 Claiming Social Security Too Early

Claiming Social Security at 62 feels tempting, but it permanently reduces your benefit by up to 30% compared to waiting until your Full Retirement Age, and by up to 76% compared to waiting until 70. For many retirees, this single decision costs hundreds of thousands of dollars over a lifetime.

The Fix:

Run a Social Security break-even analysis with your advisor. Factor in your health, other income, and spousal benefits before filing.

2 Ignoring Required Minimum Distributions (RMDs)

Starting at age 73, the IRS requires you to withdraw a minimum amount from tax-deferred accounts each year. Failing to take your RMD results in a 25% penalty on the amount you should have withdrawn. Many retirees are caught off guard by the tax impact of RMDs.

The Fix:

Build RMD projections into your plan years in advance. Consider Roth conversions before 73 to reduce the size of your future RMDs.*

3 Underestimating Healthcare Costs in Retirement

The average retired couple will spend an estimated $300,000+ on healthcare throughout retirement — and that does not include long-term care. Many people incorrectly assume Medicare covers everything. It does not. There are premiums, copays, deductibles, and substantial gaps in coverage.

The Fix:

Include a dedicated healthcare line item in your retirement budget. Explore supplemental Medicare coverage and long-term care planning early.

4 Carrying Too Much Debt into Retirement

Entering retirement with significant debt — whether a mortgage, car loans, or credit card balances — puts enormous pressure on your monthly cash flow and makes you more vulnerable to market downturns. High-interest debt in particular can silently drain a retirement portfolio over time.

The Fix:

Develop an aggressive debt reduction plan in your final working years. Evaluate whether paying off your mortgage before retirement is the right move.

5 Failing to Account for Inflation

A dollar today will not buy a dollar's worth of goods in 20 years. At just 3% annual inflation, your purchasing power is cut in half over roughly 24 years. Many retirees invest too conservatively, not realizing that an all-bond or cash portfolio may actually lose ground to inflation.

The Fix:

Make sure your investment portfolio maintains enough growth-oriented assets to outpace inflation over time, even in retirement.

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6 Withdrawing from Retirement Accounts Too Aggressively

Withdrawing too much too soon, especially in the early years of retirement, dramatically increases the risk of running out of money. This is compounded by sequence-of-returns risk: if markets decline early in your retirement and you continue withdrawing, you deplete your portfolio faster.

The Fix:

Develop a sustainable withdrawal rate strategy with your advisor. The 4% rule is a starting point, but your specific situation may require a different approach.

7 Neglecting Tax Planning in Retirement

Many retirees are shocked to find that much of their retirement income is taxable. Social Security can be up to 85% taxable. Traditional IRA and 401(k) withdrawals are taxed as ordinary income. Without a coordinated withdrawal strategy, you may pay far more in taxes than necessary.

The Fix:

Work with a retirement planner who integrates tax strategy with your income plan. Tax planning does not end when you retire.

8 Having No Estate Plan or an Outdated One

Dying without a will means the state decides who gets your assets. Outdated beneficiary designations can accidentally leave assets to an ex-spouse or to someone you intended to disinherit. Without powers of attorney and healthcare directives, your family may face a costly court process.

The Fix:

Review your estate plan every 3–5 years and after any major life event. Ensure beneficiary designations are current across all accounts.

9 Taking on Too Little Risk — or Too Much

Being overly conservative can cause your portfolio to lose ground to inflation over a 20–30 year retirement. Being too aggressive exposes you to devastating losses you may not have time to recover from. Either extreme can derail your financial security.

The Fix:

Work with an advisor to determine the appropriate asset allocation for your age, risk tolerance, income needs, and time horizon — and revisit it regularly.

10 Going It Alone Without a Comprehensive Plan

Perhaps the costliest blunder of all: trying to navigate retirement without a coordinated, written plan that integrates income, taxes, investments, healthcare, and estate planning. The complexity of these decisions — and the lifetime cost of getting them wrong — far exceeds the cost of working with a qualified retirement planner.

The Fix:

Partner with a fiduciary financial advisor who specializes in retirement planning. A good plan pays for itself many times over.

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Are You Making Any of These Blunders?

If any item in this guide describes your current financial situation, now is the time to act. At Turnpoint Wealth, we help individuals and families in the Retirement Red Zone avoid costly mistakes and build a confident retirement. Our comprehensive approach covers retirement income planning, tax strategy, estate planning, and investment management.

Schedule Your Complimentary Retirement Readiness Review

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Our Services: Comprehensive Retirement Planning | Tax-Efficient Withdrawal Strategies | Estate Planning | Investment Management

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***Roth conversions are a taxable event and may increase your current income tax liability.**

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