

# Reasons to ‘test drive’ retirement — or not

**Do you have enough saved to retire now, or in the near future? If you’re not sure, you’re not alone.**

According to a recent CNBC poll, some 44% of respondents are cautiously optimistic about their ability to meet financial goals, but 69% are concerned about their ability to stop working. For such folks, some experts urge “test driving” retirement by trying to live on a retirement budget for a while as working and earning continues.

“People don’t plan to fail, they fail to plan,” says Phillip Battin, president and CEO of Warrenville-based Ambassador Wealth Management. “Utilizing this strategy, you move away from idealism and into a reality check. You move into a quality-of-life-driven model that separates needs and essentials from wants and dreams.”

Brett Riekema, Palatine-based financial advisor at COUNTRY Trust Bank and COUNTRY Financial representative, urges a stepwise approach to the strategy. “Identify all your sources of retirement income: Social Security, your 401(k), savings or a pension,” he says. “Determine your monthly income from those sources. Here’s where the ‘test drive’ part comes in. Set that monthly income as your new monthly budget and continue to work. Direct any excess income beyond your new budget toward your retirement savings. To handle expenses like holidays and vacations, keep working for six months to a year. See how comfortable you are with

your expected retirement income. If you’re financially comfortable after your test drive you might be closer to retirement than you thought.”

Riekema says, while on your test drive, you may also take the time to work with a financial professional to help map out your retirement journey. He or she may be able to help you plan for and navigate potential roadblocks such as market risk, tax rate changes, rising health care costs, longevity, inflation and so on.

Battin believes those taking a retirement test drive should live off their proposed retirement budgets for one to two years before retirement. Not infrequently, near retirees have to readjust their discretionary spending estimates over time, because they are actually spending twice their estimates.

“That budget they’ll be living off is the same budget they’ll be living off in retirement,” he says. “There’s a shock and awe when people get a reality check. Spending is unfortunately the subliminal message of America. Don’t feel good? Go out to dinner. Don’t feel good? Buy a new shirt on Amazon.”

**Possible downsides**

Test driving retirement is not without its hurdles. Michelle Maton, senior financial planner with The planning Center in Chicago acknowledges that a test run might be a good idea for some people, but it can’t anticipate some of the obstacles retirees will face. “Retirement is a profound life transition,” she remarks.



“Clients normally take one to two years to feel comfortable in their new retirement lives. They might not be able to replicate all the changes that will take place after retirement, such as relocating. It is also hard to change spending habits while you are still working. There are expenses related to working that will continue even if you are trying to live on your retirement budget. I’m not sure how practical the idea would be for many clients.”

According to Battin, two primary challenges can limit the effectiveness of the test drive. The first is the failure of both members of a couple to be fully transparent with one another about the expenses they will likely

require in retirement. “The number two pitfall is the black swan,” he says. “No one can plan for war, a car accident, or something that comes totally out of the blue. Nothing’s 100%. That’s a pitfall.”

**Alternate approaches**

Not everyone feels a test drive is the best way to determine whether or not an individual is ready to take the retirement plunge. Erich Heger, vice president and regional sales manager for PNC Investments LLC in Chicago is among them. “We feel it’s best to plan for retirement early,” he says. “If you have the proper planning in place, those near retirement should have a good idea whether they have enough or not. In a

comprehensive plan, you’ll also be able to stress-test your finances to see if you have enough to cover the stressors on a retirement plan. That could be a health event, death of a partner with loss of income, and all kinds of market conditions.”

Nick De Jong, a lead and financial advisor with Savant Wealth Management in Naperville, also recommends a planning approach differing from the retirement test drive. But De Jong’s suggestion still involves putting retirees to a kind of test.

He recommends his clients, while employed, track spending, maintain a budget and determine what items in their budgets will change once retirement occurs. For example,

many people dream of traveling once they retire. The likely expenses they will incur while traveling can be estimated, planned for and built into projections.

De Jong also helps many of those nearing retirement develop plans to take on part-time roles or consulting work allowing them to “ease into” retirement. “That’s something we can model out,” he says. “One significant benefit of this is it allows clients the opportunity to test out how they will fill their time and what they will do once they are no longer working full-time. One takeaway is this. Retirees tend to have fewer regrets in retirement if they are retiring to something, rather than from something.”

The average retirement age in the United States is 62, according to a 2024 MassMutual survey. In 1991, it was 57; in 2002, it was 59, according to data from Gallup polling. Source: [nerdwallet.com](#)

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