Mental Health Impacts Retirement Planning Strategies

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The unfortunate truth about aging is that the human brain deteriorates as we age. While the process is vastly different depending on the individual and their health and circumstances, the rate of deterioration cannot be predicted with any level of certainty. It doesn't cater to genetics, family history, or life habits.

Sometimes clinical diagnoses like Alzheimer's are a factor, other times it's simply a result of the natural processes of the brain and aging. But whatever the cause, old age can result in an increased inability to make rational, thoughtful decisions that could have far-reaching effects for your retirement years and your estate plan.

A study conducted by a medical health organization, found that the ability to manage and accurately understand personal finances changes as we age. In the study, subjects ranging in age between 60 and 88 were given tests that required the use of basic memory, problem-solving and straightforward knowledge. The study found that even among 60 year olds the average score was less than 60%. As the age went up, results were even less encouraging. At age 80 the average scores weren't even breaking 40 per cent.

What this study pointed out clearly was that a natural part of brain development means that as individuals age they become less equipped to handle major life decisions. But this doesn't have to mean that we lose control. We have a powerful tool that can ensure that everything is taken care of when we're older—it's our younger selves.

Decisions regarding personal financial management are often difficult at the best of times and too many people often put off critical financial decisions until later in life than they should. Not only is this an ineffective way of dealing with issues that must be addressed at some point, it can also be a dangerous gamble that can result in decisions having to be made when an individual is no longer mentally equipped to do so.

The best time for making major decisions about financial matters is while you still have total mental acuity and the ability to comprehend the outcomes of your choices. While you might feel tempted to delay difficult financial decisions and leave them up to your adult children, this action tends to heavily burden families as they struggle to guess your intentions or preferences. Delays like this can also lead to tremendous tensions as different family members argue about the pros and cons of different financial strategies.

Whether it relates to your overall retirement plan and your will, it is best to finalize all the most critical decisions by the time you're 60 so that you won't have to when you're 80. It is a dangerous game to gamble with your mental health, expecting that you will always have the mental abilities that you currently have.

Remember, when it comes to financial strategies and opportunities you don't have to make important decisions by yourself. An experienced financial advisor can help you make big financial decisions without stress or frustration.

Questions about Estate Planning?

Contact our office! **[1]**

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