ADVISOR RETIREMENT | ADVISOR POV

Retirees Often Feel Guilty Spending Money. How They Can Get Over That.

Financial advisors sometimes need to help retired clients overcome a scarcity mind-set.

By David Conti

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After years of disciplined saving, sacrifice and the all-in devotion of raising families, many retirees find themselves financially secure, but emotionally stuck, when it comes to spending. They have mastered accumulation; distribution feels like uncharted territory. Why does parting with hard-earned money trigger such angst? And how can financial advisors help break the scarcity mind-set so clients can live their retirements with confidence and joy?

If you have clients that have spent a lifetime deferring gratification in exchange for larger future rewards, you've probably congratulated them along the way. They have likely built a substantial nest egg. But that very trait that propelled them to financial success can turn into a roadblock in retirement. The thrift and caution instilled by parents, and reinforced by a culture that glorifies frugality, may now hold them back from living fully.

I can relate. Like many of my peers, I followed a script: Excel in school, land a good job, start a family, and live within—or below—my means. At Fidelity, I penned numerous guides urging savers to sock away at least 15% of their income year after year. Save. Invest. Review. Repeat. Eventually, the payoff arrives: you retire with a healthy retirement account balance. In fact, Fidelity data show the average retirement account for a 65-year-old client stands at $249,300.

And then what? Spending it down is a different skill set and many retirees have no road map. I've heard countless stories of newly retired couples sitting across from their financial advisors, nodding as they review withdrawal strategies, yet confessing, "We built this for our heirs. We don't really want to spend it and feel bad about tapping into our retirement funds."

Our generation was taught to save "for someday," only to awaken to the sobering fact that we're in the fourth quarter of life. A longtime friend, Eric, passed away at 60 last year. It served as a stark reminder that life's timeline can shift in an instant, yet we still struggle to give ourselves permission to spend.

Psychological shift. As a retirement coach, I've immersed myself in behavioral finance research that explains spending guilt. There are three core cognitive biases that often trip up retirees:

- **Loss Aversion:** The pain of losing money looms larger than the pleasure of gains. Living through past market downturns—be it the dot-com bust, the 2007-09 recession, or tariff-driven selloffs—can make the prospect of drawing down savings feel unbearable.
- **Mental Accounting:** People tend to label money based on its source or intended use. When retirement savings are viewed solely as a safety net, guilt arises at the thought of using them for leisure.
- **Inherited Money Scripts:** Deep-seated beliefs—"Only spend on necessities," "Money equals security," "Don't outlive your money"—trigger guilt whenever spending deviates from these mental rules.

Joy Lere, co-founder of the advisor education platform Shaping Wealth, teaches that guilt signals a clash between our core money beliefs and our actions. Rather than suppressing guilt, she urges advisors to ask retirees to pause and reflect: Which belief is at play? Is that belief still serving you today? By consciously examining these internal scripts, clients can reframe spending as a deliberate choice, not a reckless misstep.

Permission to prosper. Philadelphia-based advisor and retirement coach Bill Love, of RTD Financial, frames his role as both steward and permission-giver. "Part of my job," he says, "is to ensure some clients have the risk capacity—plus a five-year cash buffer—to weather market swings. That foundation allows us to confidently approve the fun stuff."

Often, clients simply seek a green light: "May I take the Mediterranean cruise? Can I buy the vintage car?" Love recalls an 80-year-old couple who hesitated over a luxury cruise amid market jitters. After running stress tests and confirming their plan's resilience, his team booked the trip for them in their office—no questions asked. Upon their return, the couple thanked him for helping them seize a cherished experience. It turned out to be their final grand adventure, as one spouse soon faced an Alzheimer's diagnosis.

A five-step framework. Advisors can guide clients through these steps to transform wealth into well-being:

1. **Envision your ideal retirement:** What experiences will bring you joy? Travel, hobbies, time with family?

2. **Quantify your "retirement paycheck":** Treat systematic withdrawals, Social Security and pensions as income, not depletion.

3. **Build a safety net:** Maintain a cash reserve equal to at least five years of essential expenses to cushion downturns.

4. **Address money scripts:** Use guilt as a diagnostic tool—identify and challenge outdated beliefs.

5. **Allocate for Joy:** Define an "experiences" budget alongside long-term needs, ensuring spending aligns with values.

The spending decision. Wealthy retirees who overcome guilt and decide to spend some of their money often cite five motivations:

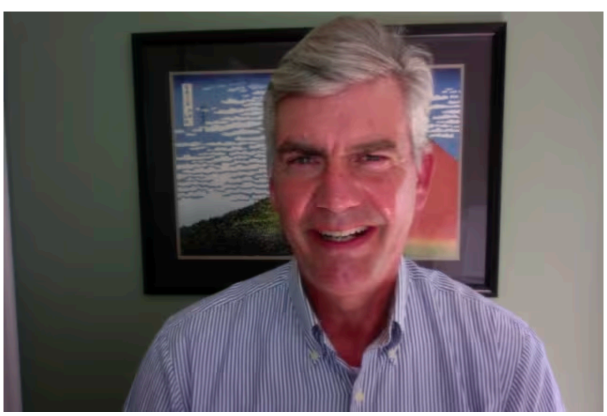
- **Celebrating achievements:** Rewarding decades of hard work with meaningful indulgences.

- **Embracing free time:** Using newfound leisure to explore passions and bucket-list adventures.
- **Sharing legacy:** Creating memories and resources for children and grandchildren.
- **Enhancing lifestyle:** Upgrading homes, relocating, or acquiring treasures that reflect personal taste.
- **Fulfilling philanthropic goals:** Transforming wealth into lasting social impact.

Advisor's role. In today's uncertain financial landscape, the advisor's mission transcends spreadsheets—it's about nurturing confidence. By blending rigorous planning with behavioral coaching, advisors can help retirees replace fear with empowerment. After all, the ultimate goal isn't merely preserving assets—it's enabling clients to live richly, purposefully and without regret.

Rediscovering purpose when distributing their assets is as vital as building a portfolio. And when clients finally give themselves permission to spend, they discover that the greatest return on their life's savings is the freedom to enjoy it.

Shaping Wealth's Lere wants advisors to relay an important message to clients: "Today is the tomorrow you spent life working for—and that tomorrow is here today."



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