

# MoneySense

Retirement

## How to go from being a saver to a spender in retirement without fear

**First, change the mindset. Second, figure out the math**



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**Q:** I have been a “saver” for most of my life. Now that I am in retirement how do I shift to being a “spender” without the fear and anxiety?

—*André*

**A:** Your job description has changed. You need to figure out what the new job entails and how to do it well.

The “saver” in you spent decades preparing for the time when the paycheque would stop. It sounds like you did that job well so congratulations to you. You have a new job now. One way to think of the job of “spender” is to manage cash flow responsibly while living a great life. In the latter phase of life, sometimes people scrimp unnecessarily, worry irrationally and do poorly on the “great life” part of the job.

So, how to minimize the fear and anxiety? First, change the mindset. Second, figure out the math.

Start by embracing a new mindset of what the job of a “spender” is all about. You’ll have your own version of what that means. I don’t want or expect you to morph into a free-wheeling, gold-chain wearing, Vegas high roller. Come up with your own vision for what you want this next phase of life to look like—and spend according to that vision.

And second, get very, very clear on the math. Shannon Lee Simmons is the author of *Worry-Free Money: The Guilt-Free Approach to Managing Your Money and Your Life*. She says, “The best way to combat anxiety is to know, without a doubt, what you can and cannot afford to spend.”

If you’re really anxious, Simmons recommends doing a detailed cash flow projection all the way to the end of your life. She also says that you should have a generous emergency fund to cover surprises like a new roof, or car repair. She calls that fund, “a warm blanket of calm”.

If you want even more reassurance, consider picking up a new book called, *Retirement Income For Life*, by Fred Vettese, the Chief Actuary at Morneau Shepell. He provides excellent tips on how to make the most of your retirement income during the spending phase.

Make no mistake—the transition from saver to spender is a big one to make and it will take some time to get used to. We don’t talk about this nearly enough, so thank you for being the catalyst.