The first year in retirement is a form of rebirth. I deem it the black hole. A period that?s a bit exciting, somewhat disconcerting, but eventually a clear perspective is forged; a way out of the old habits and an ease into the new becomes reality. The initial phase of retirement creates a great opportunity to examine a budget through the eyes of a fresh, and hopefully enriching cycle of life. One path to the light, a source of empowerment, is to take control over household cash and embrace methods to enhance the flow. Knowing the source of cash and the path it follows, will accelerate an exit from the dreaded black hole. Think of it this way: Wealth accumulated and earmarked for retirement is like a glacier molded from years of discipline and sacrifice. As a retiree, a game plan to convert accumulated assets (ice) into liquid (water) is becomes paramount. One must be in defrost mode: recognize and take advantage of simple actions that can increase liquidity and provide a greater understanding of spending and money habits. The methods identified are from years of coaching new retirees and monitoring their progress. So far, so good. There are several ideas that may provide a unique perspective and possibly spark methods you can initiate as a newbie to retirement. Even veteran retirees can utilize these tips and rethink the way they?ve been approaching cash flow. Here goes:

Go micro the first year.

For no less than six months into retirement, get *super-close* to expenditures. I mean every item, each category, every service and product - track all you spend, right down to the cents. Dig deep and employ a notebook and a pencil to follow the cash. Going electronic or using a smartphone app just won?t do for this endeavor. Manual methods keep you closer to the data. Micro-budgeting is not fun, but it will help you intimately engage with spending trends. From experience, new retirees seem to find great peace in this exercise. There?s a feeling of control that provides ease of mind. **Micro-budgets are old-school and as far from pretentious as you can get. The method of micro-budgeting is designed to increase awareness through simplicity.** Yes, it?s time-consuming, occasionally monotonous; however the goal is worth it - to uncover weaknesses and strengths in your plan and build a cash direction sensitivity is everything. Micro-budgeting generally works best when there?s a life-changing event in your household like retirement, change in employment status, or a health-related episode. At the end of each month, compare outflow to the monthly account distributions you?ve planned for as part of a tax-efficient retirement distribution strategy. We recommend at least two years prior to a retirement date you and a financial partner, preferably a fiduciary, team up to undertake a prep-for-retirement exercise that stress-tests your household cash flow requirements through actual, past stock market cycles. By the time you?re micro-budgeting, the first planned monthly distribution should have already electronically been deposited in your checking account. In a majority of cases, new retirees while micro-budgeting and in general, have a tendency to spend less than they?ve originally planned. Perhaps it?s a very human tendency to be cautious maneuvering through unfamiliar terrain or the black hole. Regardless, document the surplus if any, and circle or underline the number.

Embrace and establish an online high-yield savings account.

I can appreciate how retirees are trepidatious when it comes to online banking, but please hear me out. **I?m sorry. Your neighborhood bank is a dinosaur.** Rarely, do consumers walk into a bank branch to do business. Most important, even though the Federal Reserve appears to be less data-dependent and determined to raise rates regardless of sub-optimal economic conditions, those hikes don?t appear to be translating to higher interest rates for bank savings and money market vehicles. Remember your main objective is to increase cash flow. One easy method to accomplish the task is to open an online bank savings account and establish an electronic link to your brick & mortar checking. **With lower expenses and attractive yields, the proliferation of online banking can?t be ignored. These institutions clearly have less overhead and the result is higher savings rates for consumers.** Online banks share the same FDIC insurance as their outdated brethren and are just as cyber secure as any other financial establishment including your brokerage, retirement and credit account custodians. My favorite online bank is Synchrony, however, Nerdwallet, a virtual hub of financial consumer information, maintains an updated list of the best high-yield savings accounts in the country. Their latest compilation is identified here. Every month, transfer the surplus immediately, identified through micro-budgeting, from checking to online savings. Then forget about it. Yes, you read correctly. Forget about it. For now.

Learn to love and take advantage of credit.

I find new retirees experience a drop in their credit scores and refrain from using credit, which could be a mistake, especially through this unique period of lower-for-longer borrowing rates. The goal is to know when it?s smart to use credit compared to tapping precious liquid resources. This can be an incredibly advantageous endeavor through the early years of retirement where spending on discretionary categories like vacations, travel and major purchases pertaining to home improvement are at their zenith. For example, a new retiree client recently decided to take advantage of Best Buy?s zero-percent interest credit card offer for quality home electronic upgrades. He takes comfort in knowing he has the cash to pay in full immediately but why do it when he can make minimum monthly payments and have cash earn interest in an online savings vehicle for two years? Those who micro-budget are in control, disciplined and are motivated to boost cash flow through similar methods and utilize credit to *work for them, not against them*. **In addition, smart credit management that includes timely payments, helps keep his respectable FICO• credit score (over 780), intact which can come in handy for future credit-based decisions.** Smart retirees are not in a hurry to close their credit card accounts. They?ll look to aggressively utilize the ones that provide the greatest benefits to their households; whether gathering points for travel, cash back or rewards for goods and services, credit card companies want your business and new retirees are active enough to take advantage of special offers. Several of the best credit card offers are available at www.comparecards.com. In addition, many offer free access to FICO•, a major provider of credit scoring.

Don?t fear senior discounts, search for them.

I know. You?re not a senior. Far from it. However, if you?re willing to place ego aside, think with a micro-budget mentality, there is a plethora of bargains there for the taking. I observe deep emotional barriers when it comes to embracing just the thought of senior discounts. Listen, I understand. Personally, I think the word ?senior? is tremendously outdated. Let?s re-phrase, shall we? Let?s deem them ?earned retirement rewards? to clear mental hurdles. **A new retiree I coach has managed to increase her monthly cash flow by an impressive 10% using ?retirement rewards.? She was excited to share her micro-budget with me.** Frankly, I was so excited I have overcome my own internal tension with senior, I mean ?retirement rewards.? The most comprehensive list I?ve researched is available here from www.bradsdeals.com. Through www.seniordiscounts.com, you can search through over 250,000 listings in the largest electronic directory of discounts.

Be smarter with Social Security and Medicare decisions.

The goal of a qualified financial planner is to guide, educate and make an intimidating process easier to comprehend. It?s crucial that Social Security and Medicare planning is an integral part of retirement cash flow analysis. The wrong decisions can cost a retiree multiple thousands of dollars and or permanent penalties and unexpected tax implications. What you believe about Social Security is most likely incorrect. Keep in mind that Social Security is indeed an asset on your balance sheet and seasoned planners can calculate the lump sum required to replicate monthly lifetime payments. Frankly, the amount needed would probably stun you. Once new retirees see how their decisions can impact on occasion, hundreds of thousands of dollars received over a retirement lifetime, it?s easier to make the optimum choice that results in the greatest retirement and or survivor payouts for recipients, spouses, and occasionally, minor children. Taking Social Security early (age 62), can be an expensive error. There?s no assurance benefits recipients will be protected so to file for benefits early solely based on a belief ?that it won?t be there,? is more politically-driven conclusion and not based on facts and individual needs. Although the OASDI Trustee?s projections under their intermediate cost scenario. indicates the trust fund will be exhausted by 2034, close to 80% of funding will continue due to then-current workers? payroll taxes supporting retiree benefits. There are four reform proposals on the table, currently. Let?s face it - the program is too crucial to be allowed to falter. Responsible planners are required to work with retirees? personal situations today; it?s best to devise a plan to gain the most benefits. I can?t stress enough how important the right Social Security decision will be to your household cash flow success, especially in the face of probable future low returns on risk assets like stocks, longer lifespans and increasing inflationary pressures. **Healthcare expenses can be the most lethal nemesis to a satisfying and financially secure retirement. Fidelity Investments estimates that the total potential costs of healthcare in retirement for a married couple of average life expectancy is $260,000.** When it comes to Medicare, new retirees must be informed of standard and special enrollment period windows for Part A and B, especially if they?ve been covered by an employer?s plan or considering temporary COBRA health coverage in the case of employment loss. Take note there is a *permanent annual penalty of 10%* on Part B premiums for every 12-month period if standard or special enrollment periods are missed. These penalties are tacked on premiums that are determined based on modified adjusted gross income levels and adjusted every year. For example, if an eligible couple?s modified adjusted gross income exceeds 170,001 in 2017, they will each face premiums of $187.50 a month. A Medicare-savvy financial partner should help retirees create a tax-efficient retirement account withdrawal strategy and consider the impact of income on premiums and of course, avoid forever penalties. It?s critical to understand when to enroll and the type of supplemental health insurance program is required to compensate for the holes in coverage of Part A and B. I compare Medicare insurance to Swiss cheese. Medigap insurance most likely will be required to close multiple coverage breaks depending on your personal situation, health issues and even travel habits. Unfortunately, based on a study by Merrill Lynch and Age Wave, 43% of retirees believe Medicare alone will cover nearly all their healthcare costs in retirement. Many retirees will overpay for Part D for prescription drug coverage and ignore the annual open enrollment period from October 15 to December 7th.• Every year a cash-flow aware retiree should spend time investigating plans through www.Medicare.gov or consult a qualified health insurance provider to compare current coverage and costs to taking on a new plan. Part D coverage is optional. However, there?s a 1% lifetime penalty that may be incurred if a retiree isn?t deemed to have ?creditable? drug coverage and goes longer than 63 days without it before attempting to sign up for Part D. This penalty is multiplied by the number of months the recipient could have had Part D, but didn?t. The 1% is based on something called the national base beneficiary premium which is $35.63 this year. **Frankly, unless offered ?creditable? coverage as part of employer retirement benefits, which is rare, a retiree should consider Part D coverage even if they?re currently not taking medications. Initiating coverage may be less costly than incurring lifetime penalties. You just need to do the math.** Cash is the life-blood of any household, especially retiree households. After the first year in retirement has passed, I notice how maximizing cash flow becomes second nature. Micro-budgets are no longer required as a mindset has been forged and opportunities to bring in cash are pursued. And the black hole becomes nothing but a memory. Oh, and about that surplus you?ve been cordoning off in an online bank savings account? Why not spend it on a unique experience. One you?ll remember for the rest of your life. Consider it a bonus for a year?s worth of diligence. Discipline deserves its reward.