

How to Enjoy Your Retirement Savings Without Fear

Practical tips to help you feel secure while spending what you've earned.



For decades, we've been told to "save, save, save." But what happens when the time comes to spend?

The transition from building wealth to enjoying it isn't just financial—it's deeply emotional. Many retirees, even those with ample savings, struggle with the psychological hurdle of spending what they've worked so hard to accumulate.¹ The habits and fears formed over a lifetime don't simply vanish at retirement. As a result, some unintentionally sacrifice comfort, joy, and once-in-a-lifetime experiences, despite having the means to afford them.

Raised to Save, Struggling to Spend

The origin of this cautious approach to spending often traces back to early-life conditioning. Many of today's oldest retirees—those in their mid-80s to mid-90s—were born during or just after the Great Depression. Known as Depression-era babies, they grew up in a time of extreme economic turmoil, or were raised by parents who did. This experience left a lasting psychological imprint that shaped their views on money and spending.

For these individuals, spending, even on things they can afford, can feel irresponsible or shameful. Financial behaviors are often modeled and passed down, so the after-effects of Depression-era scarcity still affect people today. Children and grandchildren may internalize similar beliefs, continuing a cycle of financial anxiety and excessive frugality.

This resistance may show up in a multitude of ways: delaying necessary home or car repairs, avoiding vacations, or limiting gift-giving. These examples may seem excessive, but to many, they're emotionally protective strategies meant to ease internal discomfort.

This cautious mindset continues to influence spending behavior well into retirement, regardless of financial need.

The Retirement Consumption Gap

Many retirees experience what's known as the retirement consumption gap—the disconnect between what they can spend and what they actually spend. This gap is often driven by:

- **Habit:** Decades of prioritizing saving over spending are hard to undo
- **Discomfort:** The pain of spending often outweighs the joy of enjoying
- **Just-in-case savings:** Keeping a large financial cushion for emergencies

Key Points

- Spending in retirement is often emotionally harder than saving, due to lifelong habits.
- Many retirees underspend despite having the means, driven by fear, guilt, and the desire to preserve a financial cushion.
- Overcoming spending anxiety requires mindset shifts and practical tools.

Even when financial professionals assure their clients that “it’s okay to spend,” some retirees feel guilt or anxiety about loosening the purse strings.² Bridging the retirement consumption gap means helping retirees feel more confident and comfortable spending the money they’ve saved.

Misconceptions on How to Spend Your Wealth

Beliefs about money scarcity often go unchallenged, yet they can significantly impact emotional well-being and retirement satisfaction. To live freely and intentionally in retirement, it’s worth rethinking some of the most common myths that hold people back.

- **“It’s not okay to splurge.”**
Occasional luxuries can actually enhance well-being and create lasting memories.
- **“You must leave an inheritance.”**
Leaving a legacy is optional, not mandatory. Good health and financial security are higher priorities.
- **“You should spend less.”**
Spending less may have a high emotional cost if it’s depriving you of meaningful goals or experiences.
- **“A market crash is the biggest risk.”**
While market downturns can be painful, the greater danger may be letting fear prevent you from living the life you’ve saved for.

How to Overcome the Fear of Spending

To overcome these mental barriers, retirees can adopt both mindset shifts and practical strategies:

1. Reframe the Purpose of Money

- Shift the mindset from “saving for the future” to “using money to enhance my life now.”

2. Create a Clear, Flexible Spending Plan

- Work with a financial professional to create a realistic retirement income plan that you feel comfortable spending each year.
- Use tools such as the 4% rule to provide structure and reassurance: In the first year of retirement, withdraw 4% of your total retirement savings. For every year after, adjust for inflation.

3. Use Financial Tools to Help Increase Certainty

- **Annuities** can provide guaranteed income, mimicking a paycheck. An annuity is a financial product that has the option to convert a lump sum of money into a steady stream of income, often for life.³
- **Bucket strategies** is a retirement-planning method that separates savings into short-, medium-, and long-term “buckets” based on when you may need to access the funds.
- **Purpose-based savings** allow retirees to allocate money for different purposes: housing, retirement, emergency fund, vacation, gifts, entertainment, etc. When you tap into vacation or entertainment buckets, you will tend to feel less guilty because you budgeted for it.

4. Start Small

- Engage in exposure therapy for spending: Start with small purchases that bring you joy to build comfort. A weekend getaway or a new hobby can help rewire your emotional response to spending.

By challenging old beliefs, adopting flexible strategies, and reframing the purpose of wealth, retirees can begin to close the retirement consumption gap. The goal isn’t reckless spending; it’s intentional living. After all, the true reward of a lifetime of saving is the freedom to enjoy what matters most to you.



Beliefs about money scarcity can significantly impact emotional well-being and retirement satisfaction.

**To learn more about creating a retirement spending plan,
talk to your financial professional.**

¹ Source: Kiplinger, "Retirement Spending Got You Stressed? Six Signs You Need Help, 5/21/25.

² Source: Morningstar, "The Psychology of Retirement Income: From Saving to Spending,"

³ There are different type of annuities and, like any investment vehicle, it is possible to lose money. Annuities generally involve a contractual agreement between a client and an insurance company and are generally considered long-term investments. Please consult with an annuity firm and an annuity specialist before making any decisions about an annuity.

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