50 Or Older? 10 Things You Should Do With Your Money

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Birthdays that mark a new decade tend to prompt personal reassessment: In your 20s, starting your career may have been your focus. In your 30s and 40s, maybe it was the big goals you wanted to reach with your family.

But by 50, you may already feel like you've got it figured out. You make a good salary, you've reached many of your life goals and your kids are on their way to independence.

But there are still a lot of money truths left to learn, especially as you're approaching your retirement years. Plus, times are changing: What was a financial truism in your youth may not be the reality now.

So we asked several CFPs to reveal 10 crucial things that could affect your money once you enter your 50s, both the bright spots and the potential pitfalls. Read on to see where you might need to be better prepared.

1. The cost of long-term care insurance

While it may not be the most pleasant thing to think about, how you plan to cover potential eldercare costs like a nursing home or a home health aide should be on your radar, stat. Long-term care insurance can help pay for so-called “custodial care” services like those, which are often not covered by Medicare—but the longer you wait to buy a policy, the more expensive it’s likely to be.

“It’s something to start thinking about even prior to age 50,” says Chuck Roberts, CFP®, founder and C.E.O. of Financial Freedom Planners in Richmond, Virginia. “It becomes more expensive as you grow older.”

According to [2012 data]from the American Association for Long-Term Care Insurance, a couple taking out a policy at age 55 will pay an average of $2,466 a year, while a couple who waits until they’re 60 will pay $3,381. But some health conditions—a stroke or metastatic cancer, for example—can make you ineligible to purchase such a policy in the first place. So it can be wise to look into a policy now, while you’re in good health.

2. You’re likely not going to stay an empty nester

Got grand plans to build a wet bar in your basement? Not so fast. “Unless [your child] is a shark on Wall Street, he may need some help from his parents,” says Brian Mahany, CFP®, principal at Sustainable Financial Planning in Toledo, Ohio. “I am definitely seeing some parents converting their basements for their kids to live in."

Pew Research data reveals that the percentage of 25- to 34-year-olds living in "multigenerational" households rose from 11% in 1980 to 21.6% in 2010. And only 48% of these so-called Boomerang kids pay rent to their parents. "A great many parents feel honor-bound to help their children," says Mahany. "They're not giving their kids any kind of lease."

3. And you may still have to pay for your children's health insurance

Recent grads are having a hard time in the job market: One study by the Federal Reserve Bank of New York estimates that 44% of recent grads are underemployed, meaning that they work in jobs that don't require a college degree—which also likely means they aren't getting the perks that a good job normally brings, like insurance.

On top of that, they are graduating with a lot of debt, which tends to leave little money left to cover their bills, let alone health care. "With the student debt load kids are carrying, I have seen more instances of parents bringing kids back into the family health plan," says Mahany.

According to Healthcare.gov, children under 26 may be eligible for coverage under their parents' health insurance plan even if they're married, not living at home and attending school. Keeping your kids on your insurance may only amount to a few extra dollars a month for you, but it's still an extra cost that you'll have to budget for—on top of the fact that they've taken over the basement.

4. You should consider making credit card debt a thing of the past

"By the time you're 50, you should be out of revolving debt, such as credit card purchases," Roberts says. That money would probably be better off helping you prepare for retirement—plus, when you're ready to enter your golden years, you don't want a debt burden during a time when you're no longer earning a salary.

Unfortunately, debt has been steadily rising amongst people of retirement age: According to recently released research by the National Center for Policy Analysis, in 1989 the average credit card balance for people ages 65 to 74 was $2,100, compared with $6,000 in 2010.

If paying down credit card debt is something you still need to work toward in your 50s, you can use our checklist to help you get started.

5. It's a good time to start thinking about where you want retire

Especially if you don't plan on staying in your current home, you should ask yourself where you might want to settle down, whether it's a ranch house in Tucson or a condo in Miami Beach.

That's because where you eventually relocate will likely have an impact on how you're saving for retirement now. For example, you may need to ask yourself, "Do I really have enough to take on a new mortgage 15 years down the line? Does my current savings plan take into consideration a change in cost of living? How retiree-friendly—or not—is the state I'm thinking of moving to?"

And get as granular as you need to, even down to the type of home. "People should [even] think about what kind of house they want to live in: Is it a single story or multiple story?" Mahany says. All those details may help you determine what you'll end up paying for housing in your dream retirement locale.

6. Your life insurance needs may change

If your children are grown and independent, and if you have enough savings to provide for a spouse in the event of your death, you may decide that you no longer need as much term-life insurance coverage as you used to have, or you may need it only for a shorter period of time.

"In [your 50s], some of the heavy living expenses that life insurance provides for families in case of a premature death are lessened at that age," Roberts says, so it may be a good time to reassess what costs you'd need insurance to cover.

That's for term life insurance. Permanent life insurance—like a whole life policy, for example—has an added investment component that could potentially grow in value, and which you may be able to borrow against. Whether you decide to keep that type of policy will probably depend on whether you still see value in it as an investment vehicle, says William Bregman, a CFP® who practices in New York City.

For most people, however, term life insurance may be sufficient, and you can get coverage up until age 80. Whole life insurance generally is more often used if you're concerned about estate taxes or want to leave behind a legacy for your family. Because permanent life policies are often more difficult to understand—and usually carry higher premiums—it's important to consult with your insurance agent or a CFP® to determine whether a permanent life policy makes sense for you.

7. You don't have to worry about Social Security collapsing

Yes, the Social Security Administration has [stated that](), by 2035, taxes will be able to cover only 75% of scheduled benefits. But older Americans have a brighter Social Security future than their younger counterparts. "Confidence that Social Security will continue to provide benefits that are at least equal to today's value is higher among workers ages 45 and older than among younger workers," according to [EBRI's 2014 Retirement Confidence Survey]().

Why? Because even small tweaks to Social Security [policies] could secure it well into the future, according to Sylvia Allegretto, a labor economist with the Institute for Research on Labor & Employment at University of California, Berkeley. “Before the first Social Security check went out, people called for its demise, said it would fail,” says Allegretto. “Yet not one person has ever had a missed Social Security check.”

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8. Retirement doesn’t mark the end of your career

Even when you call it quits from your current job, your knowledge and experience could still be in demand—and help earn you some additional money in your later years.

“I’ve had some nice good-news conversations with a client in his 60s, who found out he could retire right now if he wanted,” says Roberts. “He’s in the engineering profession and could easily do some additional consulting, which could add to savings.”

Indeed if you’ve had a long career in the knowledge sector—accounting, medicine, law, etc.—you could very well extend your working years with a consulting side gig. According to 2013 data from the Associated Press NORC Center for Public Affairs Research, 82% of Americans over the age of 50 expect to work in some capacity after retirement.

9. You can contribute more to retirement than you used to

Feel a little behind in your retirement savings? The good news is that turning 50 means you’re eligible to make a “catch-up contribution” of $5,500 to your 401(k) plan. That’s over and above the $17,500 that the IRS allows anyone younger than 50 to contribute to a 401(k) now.

You also get to play catch-up with your IRA too—you can contribute an extra $1,000, for a total of $6,500.

10. It’s never too late to save for retirement

“At 50 you can still take great advantage of compounding interest” in your retirement portfolio, says Roberts. He notes that while you may have a different asset allocation than you would have had at, say, 30, the fact is that compound returns take effect no matter when you start.

In fact, many financial planners complain about clients who don’t seek help mapping out their retirement until they reach their 60s. “When anyone comes to me thinking about retirement by their 50s,” says Mahany, “I’m very happy.”

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