THE Wealth REPORT

Small oversights can compound over decades of retirement planning. Understanding where others tend to stumble can help you build a plan with room for the unexpected.

FIVE COMMON RETIREMENT PLANNING MISTAKES

Nov. 3, 2026

Key Takeaways:

- Many retirement missteps start years before retirement, with savings rates that fall short of benchmarks and timelines that leave little room for surprises.
- Social Security timing, healthcare costs and withdrawal pace are three decisions that can shape how long your money lasts.
- A written plan, reviewed regularly with a financial advisor, can help you adjust as markets, health and goals change.

Overview

When retirement planning goes sideways, it's rarely one big decision that caused it. More often, a handful of small and totally understandable missteps build on each other over time. Fortunately, many are easy to spot once you know where to look.

Here are five common mistakes people tend to make as they're planning for retirement, plus potential strategies you can use to help you steer clear of them.

1. Assuming You'll Retire on Your Timeline

In its 2026 Retirement Confidence Survey, the Employee Benefit Research Institute (EBRI) found that workers expect to retire at a median age of 65.[1] In reality, retirees reported a median retirement age of 62, and nearly half said they retired earlier than planned due to health problems, layoffs, caregiving duties and simply wanting to get out of the workforce.

An earlier-than-expected retirement means you'll need more saved in order to avoid falling short financially in your later years. During the planning process, ask your financial advisor to stress-test your plan against an earlier retirement date. It's also a good idea to keep emergency savings separate from your retirement accounts, so a surprise expense doesn't force you to draw down investments early.

2. Claiming Social Security Without a Plan

Your claiming age is one of the larger — and more impactful — financial decisions you'll make. For people born in 1960 or later, claiming at age 62 reduces the monthly benefit by as much as 30% compared with waiting until full retirement age, which is 67. Waiting until 70 can increase the monthly benefit by up to 24% compared with claiming at full retirement age.[2]

While claiming early can make sense in some situations, it may also leave you financially short in retirement. When to start benefits is different for everyone. The right age depends on your health, other income, marital status and how long you may need the income. For married couples, the choice affects two benefits, including the one a surviving spouse will rely on. Ask your advisor to model several claiming ages side by side and map out how you'd cover expenses in the years before benefits begin.

3. Underestimating Healthcare Costs

Fidelity estimates that a single person retiring at 65 in 2026 may spend $185,500 on healthcare throughout retirement, up 7.5% from the prior year.[3] That figure covers Medicare premiums, cost-sharing and prescription drugs, but it leaves out long-term care.

Considering adding a healthcare line to your retirement budget and updating it each year. It also helps to learn your Medicare enrollment window early, since delaying enrollment past 65 can carry additional costs. Finally, talk with your advisor about how you would cover long-term care, which original Medicare doesn't pay for.

4. Withdrawing Too Much, Too Soon

How much you take out of your portfolio and when you take it matters as much as how you've saved. Poor market returns in the first years of retirement can do outsized damage, especially if you sell investments at lower prices to cover expenses and have less left to benefit when markets recover. This is known as sequence-of-returns risk.

Morningstar's 2026 research put the starting withdrawal rate for a 30-year retirement at 3.9%, although individual circumstances and recommendations vary.[4] Your own number should reflect your portfolio, spending and timeline.

To help avoid drawing too much in your early years, consider building a cash reserve that can cover six months to one year of expenses. Staying flexible helps, too, since trimming withdrawals or skipping an inflation adjustment in down years can ease the strain

on your portfolio. Coordinate with your financial advisor and a tax professional on which accounts to draw from first, because the order can affect your tax bill.

5. Overlooking Longevity and Inflation

Planning around an average lifespan can leave you short. For a 65-year-old, there's about a 30% chance a man will reach 90 and about a 40% chance for a woman. For a couple, the odds that at least one lives to 90 rise to about 58%.[5] That could mean 25 years or more of expenses, with prices climbing the whole way. Social Security's 2026 cost-of-living adjustment was 2.8%, a reminder that everyday costs keep moving.[6]

To help make sure your income keeps up with inflation, consider using a longer planning horizon, such as age 95, and revisit your plan every year. Talk with your financial advisor about possibly keeping a portion of your portfolio in growth-oriented investments to potentially offset rising costs over time.

Final Thoughts

Most of these mistakes have something in common: They involve planning around a single set of assumptions and not revisiting them. Savings rates, retirement dates, Social Security timing, healthcare costs, withdrawal pace and life expectancy all interact, and a change in one area can shift the rest.

A financial advisor can help you stress-test your assumptions, compare scenarios and adjust as your situation changes. Reviewing your plan at least once a year gives you the chance to make small course corrections early, when they're typically easier to manage.

Sources

[1] Employee Benefit Research Institute. April 21, 2026. "2026 Retirement Confidence Survey Finds Americans Less Confident About Retirement as Worries Grow Over Social Security, Medicare and Rising Costs." https://www.ebri.org/content/2026-retirement-confidence-survey-finds-americans-less-confident-about-retirement-as-worries-grow-over-social-security--medicare-and-rising-costs. Accessed Oct. 1, 2026.

[2] Social Security. "Starting Your Retirement Benefits Early." https://www.ssa.gov/benefits/retirement/planner/agereduction.html. Accessed Oct. 1, 2026.

[3] Fidelity. July 21, 2026. "Fidelity Investments® Shares 25th Annual Retiree Health Care Cost Estimate, Highlighting the Importance of Incorporating Potential Health Expenses in Retirement Planning." https://newsroom.fidelity.com/pressreleases/fidelity-investments--shares-25th-annual-retiree-health-care-cost-estimate--highlighting-the-importa/s/0dd560b4-98cb-492e-bdec-f7168f97aede. Accessed Oct. 1, 2026.



[4] Christy Bieber. Kiplinger. Dec. 4, 2025. "Morningstar's 2026 Retirement Withdrawal Advice: Will It Work for Investors?" https://www.kiplinger.com/retirement/retirement-planning/does-morningstars-retirement-withdrawal-advice-work-for-investors. Accessed Oct. 1, 2026.

[5] Annuity.com. August 2026. "What are the odds of living to 90?" https://www.annuity.com/learn/odds-of-living-to-90. Accessed Oct. 1, 2026.

[6] Aimee Picchi. CBS News. Oct. 24, 2025. "Social Security sets its 2026 COLA increase at 2.8%. Here's what that means for your benefits." https://www.cbsnews.com/news/social-security-cola-2026-increase-cost-of-living-adjustment-inflation/. Accessed Oct. 1, 2026.

Any references to guarantees or lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

This content is provided for informational purposes. It is not intended to be used as the sole basis for financial decisions, nor should it be construed as advice designed to meet the particular needs of an individual's situation. None of the information contained herein shall constitute an offer to sell or solicit any offer to buy a security. Individuals are encouraged to consult with a qualified professional before making any decisions about their personal situation. The information and opinions contained herein provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed by AE Wealth Management. Neither AEWM nor the firm providing you with this report are affiliated with or endorsed by the U.S. government or any governmental agency. AE Wealth Management, LLC (AEWM) is an SEC Registered Investment Adviser (RIA) located in Topeka, Kansas. Registration does not denote any level of skill or qualification. The advisory firm providing you this report is an independent financial services firm and is not an affiliate company of AE Wealth Management, LLC. AEWM works with a variety of independent advisors. Some of the advisors are Investment Adviser Representatives (IARs) who provide investment advisory services through AEWM. Some of the advisors are Registered Investment Advisers providing investment advisory services that incorporate some of the products available through AEWM. Information regarding the RIA offering the investment advisory services can be found at https://adviserinfo.sec.gov.

11/26-5052768