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What's next for my 30-year-old nest egg?

For more Americans than at any time in history, the finish line is in sight. Twenty percent of our country's population today is between age 55 and 64. Having spent 30 years helping make the U.S. the most powerful economic force in the world, these entrepreneurs, executives and employees are now on the doorstep of retirement.

For many, retirement presents a particular psychological challenge: confronting the reality we're done adding to our nest egg and will have to live off it for 30 years or more. Below are four tips to help make your retirement a happy and prosperous one.

Beware of the silent killer. While plunging stock markets dominate the headlines, inflation arguably presents the biggest danger to a retiree's financial security. Sure, annual inflation is benign today, at just 1 percent. Over the course of history, however, it has averaged more than three times that. An annual increase of 3 percent in the price of groceries or airline tickets may not seem like much, but compounded over 30 years it can take a real bite out of the purchasing power of your portfolio.

To best combat inflation, consider going heavy on stocks. True, stocks have lost money in roughly 30 percent of all calendar years. But if you'll be an investor for another 30 years or more, you have time to recover from any market stumbles. Plus, you'll need the growth stocks can provide to overcome the corrosive headwind of inflation. Safe assets like cash and bonds have lost money just 2 percent and 10 percent of the time, respectively. But after accounting for inflation, they've posted negative annual returns more frequently than have stocks. Inflation is truly the invisible, leaky hole in your bucket.

Forget what made you successful at work. We associate hard work, superior skill and better insight with success. In business, this is an effective way to operate as we receive immediate and direct feedback on our work – we win or lose the contract, know which business unit is performing and can look at employee track records to understand who are our best performers.

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In investing, however, none of this holds. Putting more effort into managing a portfolio results in more activity (trading), incurs more fees and taxes, and on average leads to worse – not better – performance than a more hands-off approach. Over the past 10 years, for example, more than 80 percent of smart, hard-working and highly-educated active fund managers underperformed a passive index benchmark.

What about the other 20 percent, you ask? Unfortunately, past investment performance is no reliable guide to future results. In a recent view of actively-managed U.S. stock mutual funds, the Vanguard Group found that the best-performing 20 percent of funds in one five-year period were more likely to fall to the bottom 20 percent of performance rankings over the next five years than they were to remain at the top. In other words, investment track records don't mean much.

To find the needle, embrace the haystack. Over time, a relative handful of stocks – extreme winners, let's call them – have accounted for a huge portion of the 10 percent annualized return stocks have historically delivered. Missing out on these extreme winners is costlier than you might think. Had you not owned the best-performing 10 percent of stocks each year, your annual return fell to about 6.5 percent per year. Missing out on the top 25 percent of winners each year actually would have resulted in negative annual returns.

Wall Street would have you believe statistics like this confirm the importance of finding the right stock picker or fund manager who can identify that needle in the haystack. Indeed, the average actively-managed U.S. stock mutual fund today holds just 300 company stocks. Yet, there are nearly 4,000 publicly-traded companies in the U.S., and another 8,000 or so internationally. What's the likelihood a concentrated portfolio includes the important winners each and every year?

Not likely. Markets move too quickly and are too unpredictable for even the most sophisticated investors to consistently outperform. Is it possible you might defy the odds and pick a winner? Yes. Is it probable? No.

Rather than rely on chance for your retirement security, consider taking a cue from Warren Buffett. The legendary stock picker recommends "piggybacking on capitalism" by investing your life's savings in a market-tracking index fund.

Happiness is more than money. The key to happiness, researchers suggest, has little to do with the size of your retirement portfolio and much more to do with the quality of your social networks. A long-running Harvard study on happiness finds that to age happily and healthily, maintaining close relationships with friends (especially spouses) are a major factor. And people who proactively seek to replace old colleagues with new friends after retiring report being happier and healthier.

The mindset required to build new relationships in retirement, when applied to other pursuits, can also lead to happiness. Finding a new activity or challenge may be one of the most fulfilling post-retirement journeys of all. Whatever it is, find something that really interests you and work exceptionally hard to get better at it, even if it takes years of effort and study. Rather than spend your days longing for what once was, you'll look forward with hopeful enthusiasm.