



Retirement – It's more than just the money!

For a long time, the media, super funds and most financial planners have given what was thought to be very sage advice to those about to retire which has focussed primarily on the money.

Countless times I have seen questions written into the Ask Noel section of the age Newspaper, asking iterations of the following:

- How much is needed to retire?
- How much Centrelink Income will I get?
- How much income will I have in total?
- how do we invest our hard earned lifelong savings in such a way to ensure that we have enough income to last us the rest of our lives.

These are all very very important questions and the answers to those will determine how you will feel about the “pending retirement”. However, we believe that along with the answers to these questions, there should also be equal importance placed on

- How you feel about retirement?
- Why do you want to retire?
- What has stopped you from retiring the past?
- What are you afraid of in your retirement?
- What plans do you have for your retirement?
- How will you spend your day once you have retired?

You will notice a subtle change in the language away from the numbers, more towards the feeling of retirement. We think that this warrants equal emphasis with the money, because the feeling of retirement is with you constantly, in the same way that the numbers need to be managed regularly.

It is for this reason that our view is that retirement should be much more than just the numbers and much more about how our clients answer the questions we post to them around the day to day.

An example – The Hard working executive who retires

A few years ago, we came across some clients that had worked really hard to increase their retirement capital. They had a significant amount of money in their super fund and came to us to work through whether they had enough to retire. He was a hard working executive, whilst she had worked in and out of a number of different roles, whilst raising their children. We took them through the financial calculations about how much money they had, how long it would last them given their projected level of spending, we took into account future upcoming trips, future gifts to the their grandchildren,



helping their daughter purchase her first property. We were able to show them how they could afford to retire based on all of these numbers and financially they were set for life. We could see in our clients eyes that this was the moment they had been waiting for in what seemed like forever, they were so grateful and so happy at the same time. As such, we then set about implementing their retirement plan, putting in place strategies that would save them tax and increase the likelihood of them achieving their retirement goals. Looking back in time, their strategy is working financially, they still have enough money and they are tracking along very very well. However, its fair to say that after the 6 months that looked like

- Taking that 6 week European Holiday
- Doing that bathroom renovation
- Doing the painting around the house
- Playing golf with his retired mates
- Spending time with the grandchildren

We had our first “how are you tracking meeting” and it became apparent that the “retirement thing was not all its cracked up to be”. In this case, our client had been working and working and working to get to the point where they had enough money to retire, however, had paid little to no attention as to how he was going to spend his day. After having played the same round of golf with the same group of mates 4 times a week for 6 months, he realised that he was miserable doing this and needed to do something else.

At this point, we started working with our client to ensure that he could find something that gave him a real sense of purpose and a real sense of achievement, going through a series of probing questions and completing our return on life questionnaire, we worked with our client to help him understand what brings him joy in his life – as it turned out in the case, it was helping other people and giving back to us his local community. In the past our client felt that he couldn’t “afford” to give back, because retirement had taken priority, however, now, safe in the knowledge that retirement funding was ok, he was safe to pursue other interests and in his case, he threw himself into volunteer work. Within 6 months, found himself the President of his local football club and now has a renewed passion and zest for life.

How do I approach retirement emotionally?

There are a number of great resources on the web, including 8 tips for adjusting to retirement - <https://www.verywellmind.com/tips-for-adjusting-to-retirement-4173709>, or <https://www.apa.org/monitor/2014/01/retiring-minds>, however, our view is that

We encourage our clients to see retirement as a lifestyle.

This change gives people the opportunity to see retirement as an opportunity to break old habits and form new ones of all shapes and forms. Research shows that after retiring, people are more likely to quit smoking, engage in more physical leisure activities such as playing over 60’s cricket or decide to learn how to play a musical instrument. All of these “vocations” provide an opportunity to learn and interact with others replacing what we typically would receive in terms of stimulation as part of our working life.



We also encourage our clients to see retirement as a process

Social scientists have divided retirement into three stages, an early, active stage (65-74) when most people are in relatively good physical health, a middle, exploratory stage (75-84) when they have gotten used to not working, and often take up new interests and pursuits, and the late, supported stage (85+) when physical and cognitive health starts to decline, and assistance (assisted care, nursing care) becomes necessary. From a financial planning perspective, we also ensure that our clients financial models include an increase in spending in the first stage, then subsequent reduction in spending until the latter parts of life when nursing homes may be obligatory.

Finally, Retirement is a mindset

In retirement, there are two opposing cognitive forces at work for people, one that is positive and optimistic, and the other which is negative and debilitating. On the positive side, retirees have a greater sense of autonomy and control because they no longer have to work for money. This is especially true for people who have retired voluntarily at a younger age. One 2015 study of 2000+ retirees found that over 80% of retirees indicated being happy, enjoying life and having a strong sense of purpose. The accompanying retirement mindset allows people to learn new things and to enjoy themselves.

At the same time, there can be uncertainty and concern about the future, and a sense of disempowerment, especially as one's health deteriorates and the person transitions from independent living to assisted living and then to nursing care. Many retirees also suffer from acute loneliness and experience a sense of alienation. These negative aspects of the retirement mindset affect how retirees make decisions. To give just one example, elderly consumers are the most susceptible to frauds and scams often because of their need to alleviate loneliness and feel valued, and sometimes because of cognitive impairment.

Summary

Overall, like all transitions in life, retirement is what you make of it. Not only should you be financially planning for your retirement 5-10 years out, you should also be thinking about what you are going "to do" in retirement at least 5 years before you actually make that transition. This is all part of the Independent Wealth Partners Financial Planning process, we want you to think deeply about how this transition will be successful for you both financially, but also emotionally.



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What using a good adviser in your retirement helps you achieve

Organization. *We will help bring order to your financial life*, by assisting you in getting your financial house in order (at both the “macro” level of investments, insurance, estate, taxes, etc., and also the “micro” level of household cash flow).

Accountability. *We will help you follow through on financial commitments*, by working with you to prioritize your goals, show you the steps you need to take, and regularly review your progress towards achieving them.

Objectivity. *We bring insight from the outside to help you avoid emotionally driven decisions in important money matters*, by being available to consult with you at key moments of decision-making, doing the research necessary to ensure you have all the information, and managing and disclosing any of our own potential conflicts of interest.

Proactivity. *We work with you to anticipate your life transitions and to be financially prepared for them*, by regularly assessing any potential life transitions that might be coming, and creating the action plan necessary to address and manage them ahead of time.

Education. *We will explore what specific knowledge will be needed to succeed in your situation*, by first thoroughly understanding your situation, then providing the necessary resources to facilitate your decisions, and explaining the options and risks associated with each choice.

Partnership. *We attempt to help you achieve the best life possible but will work in concert with you, not just for you, to make this possible*, by taking the time to clearly understand your background, philosophy, needs and objectives, work collaboratively with you and on your behalf (with your permission), and offer transparency around our own costs and compensation.