

Is Retirement a Dirty Word?

By Steven Smith / September 30, 2021

I made the mistake of asking a client when she wanted to retire. This is a common inquiry to my clients. Yet unwittingly, I opened a fraught subject for this couple. She loved her job and wanted to work forever. He was ready to retire now and see the world. I learned a valuable lesson. Retirement can be a dirty word. For some, the idea of retirement brings a lot of angst.

When it comes to [planning for retirement in the 21st century](#), it's a brave new world compared to your parents' retirement. We hear that 65 is the new 50 and other clichés regarding financial planning. The old formulas don't apply anymore. And all of this is driven by one simple phenomenon: longevity.

When Social Security was passed in 1935, average life expectancies were only a few years beyond age 65. Now, people are living well into their 80's and 90's. And actuaries tell us that half of the population will live longer than average life expectancy. What will you do with all this time? How will you afford it?

Whatever You Want to Call It

The word doesn't matter. Whatever *you* want to call it, retirement means something different to everyone. For many of my clients, retirement means more time to enjoy all that our [mountain lifestyle offers](#), whether they work part-time, fun-time or stop working entirely. For others, they are happy to sit on a beach and read all day.

A common thread of retirement, no matter what it means to you, is achieving both a state of emotional acceptance of your new lifestyle and financial independence so you no longer *have* to work.

Both Financial *and* Emotional Preparation

Preparing for retirement involves both financial and emotional considerations. Later in this article, I'll focus on the financial side of retirement planning. Many clients express their [emotional concerns about retirement](#) as well. Because our identity is so commonly tied to our work or profession, retirement in the traditional sense can accompany a sense of loss. For those on the cusp of retirement, even the fear of leaving their work environment can lead to stress and anguish.

As a financial planner, I've learned a few hacks to ease the emotional ups-and-downs of retirement:

Start thinking and talking about retirement earlier in your career so you have time to plan. Talk not only with your financial planner but with your spouse. Knowing you are taking positive actions and are on the same page with your partner can ease the bumps in the road to full retirement.

Is it possible to take a “faux-retirement”? This [conversation between Morningstar retirement experts](#) talks about options to combine your vacation and sick-leave for a practice retirement. In this scenario, they recommend staying at home and working on the things you love. This period will also help you begin to understand your post-retirement spending patterns.

Can you take a sabbatical? Many companies offer this option. Some [forward-leaning companies](#) even have formal phased retirement

programs. What about unpaid leave? Taking a chunk of time off can give you insights into what your post-retirement life might look like.

Find time now to tend to your relationships with family and friends. They will be your most important asset as you move into your post-working life.

Start your succession planning. Do you have a business you'll want to sell or pass on? Do you need to mentor the up-and-comers in your profession? Knowing you are leaving your professional life in good hands can ease the anxiety of stopping work.

Know that you can go back to work. Many people do for psychological or financial reasons.

Plan for Your Encore. People of retirement age today are not like any previous generation, and their retirement isn't either. [What will be your encore?](#) Some volunteer for favorite causes. Finding employment at a non-profit might qualify as fun-work. Others start new businesses or careers. Perhaps your skills and interests will translate to a lifestyle vocation, in which you can take in pleasures and recreation along the way. Your hobbies may become a business, or your business a hobby.

Knowing that you have an encore within you can free up mental energy to fully engage in this next chapter of your life. Retirement guru Mitch Anthony calls this [The New Retirementality](#), and introduced the novel concept of Return on Life™ to go along with return on investment in your planning.

Don't Ignore the Financial Planning

Psychological and emotional aspects of retirement transition go hand-in-hand with being financially astute.

With the demise of company pension plans, most people are largely responsible for saving and investing to fund their own retirement through 401ks, IRAs, real estate and the like. Planning can be daunting, which is why you need a holistic and comprehensive view of your financial picture to make it all work.

While not the full spectrum, here are some considerations for financial planning for retirement:

Start with a sustainable spending and savings strategy. There is no way around it. In retirement, spending decreases for some, while others may be surprised to find they spend more.

Explore ways to efficiently convert your nest egg into a lifetime of cash flow.

Determine where you will live and what will be the financial role of your home equity.

Consider postponing full retirement. It offers a number of hidden benefits:

- Waiting until age 70 to claim social security (for at least one spouse) adds 8% per year to your benefit.
- Delaying Social Security also has a surprisingly counterintuitive effect on portfolio longevity. Your portfolio may have to work harder prior to claiming; but won't have to work nearly as hard thereafter, allowing it to recover and thrive after you turn 70.
- Many clients are surprised, for example, at what an effect just \$2,000/month of earned income can have on a plan.

- Manage your tax bracket, especially during the period before you must take distributions from your IRA (now age 72).
- Explore strategic Roth conversions.

Network: Learn strategies from other retirees. Join a retirement conversation circle. The one around here is called Booze & Schmooze. You may want to engage with coaches and counselors.

Work with a financial planner. From my perspective, that's obvious.

Mind your State of Mind

“Retirement” may not be a dirty word, but “mid-life crisis” certainly is. Gerontologist Barbara Waxman encourages us to bust the myth of the mid-life crisis by making [the next chapter](#) of your life the greatest. In [her TEDx talk](#), she recognizes that our longer lifespans provide opportunities for joy, impact, and vitality, and suggests ways to embrace our later years.

Retirement, semi-retirement, life-shift: whatever you want to call it, the most important contributors to successfully planning for and experiencing retirement are a positive outlook and optimism. Putting the physical, emotional and [financial elements together in one package](#) enhances your success.

Additional Resources and Suggested Reading:

[The New Retirementality: Planning Your Life and Living Your Dreams...at Any Age You Want](#)

by Mitch Anthony, 2020

“Far from being full of doom and gloom, The New Retirementality, Fifth Edition, offers a message of hope, along with a roadmap for navigating the choppy waters of retirement planning. While most books focus on Return on Investment, Mitch shows us that Return on Life™—living the best life possible with the resources we have—is a more fulfilling and achievable approach.”

Encore! A Boomer’s Guide to Rocking Your Retirement

By Marilyn Myrick Watson, 2019

“...communicative, engaging, interesting and useful...the focus was on our lives, time and legacy, rather than financial concerns.”

Don’t Retire, REWIRE!: 5 Steps to Fulfilling Work That Fuels Your Passion, Suits Your Personality, and Fills Your Pocket

By Jeri Sedlar & Rick Miners, 2018

“Working past ‘normal’ retirement age is one of the fastest growing trends in America. Today’s Boomers don’t want to slow down, and many of them can’t afford to! They want meaningful work that fuels their passion, suits their personality, and fills their pockets. In a word, they want to REWIRE!”

The New Retirement: Revised and Updated: The Ultimate Guide to the Rest of Your Life

by Jan Cullinane & Cathy Fitzgerald, 2007

“It used to be that work ended at age 65 and life slowed to a predictable pace. Not anymore!”

From deciding where to live, what to do, when to do it, and more, The New Retirement will help readers plan for and achieve their retirement dreams.”

Retirement Heaven or Hell: 9 Principles for Designing Your Ideal Post-Career Lifestyle

by Michael Drak, Susan Williams & Rob Morrison, 2021

“This book goes beyond the numbers to help you discover and plan for your version of Retirement Heaven, the post-career life that’s right for you- a special period in your life when you can reconnect with yourself, those you love, and your passions, to create a lifestyle with more balance, purpose, and fulfillment than ever before.”

Your Encore: Retirement Planning Guide – How to Balance Time, Money and Joy

by Glenn E Frank, 2021

“How will you spend those extra 40+ hours per week – ‘Your Encore’? Researching your alternatives can be endless and you don’t want to make a mistake!”