

Go beyond the numbers of retirement planning

Sure, a great retirement is about money, but it's also about so much more. Here's how to make the most of your golden years

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When Eric Jackson began mapping out his retirement plans a number of years ago, the Ottawa-based chiropractor thought he had it all figured out. Jackson realized the thrill of owning and operating his own wellness clinic was starting to wane, so he set about finding a successor to buy the business he and his wife Catherine had spent more than three decades building. When that was accomplished they'd be financially set and free to pursue all kinds of different, exciting activities—like indulging in longer trips with the new motor home they planned to buy, not to mention spending more time with their kids and grandkids. Sounds like an ideal retirement, right? Well, not quite.

What threw Jackson's plans for a major loop was his wife's one and only request—more of a demand, really—that he must find something new to occupy himself with when it came to their normal everyday routines. “Catherine said to me, ‘If you retire I don't care if you go out to drink coffee with your buddies or go golfing, but three days a week you're not allowed to be in the house,’” recalls Jackson, now 60. “My retirement scared the hell out of her. I don't enjoy a lot of down time, and she knows that.”

It was at that moment Jackson realized he had overlooked one very key aspect of retirement planning: What would he actually be doing on a regular basis to find purpose and fulfillment once he stopped working? Answering that question required a lot of serious contemplation, he admits. As someone heavily involved in his church, he thought he might spend more time mentoring teens. But in the end, he realized continuing to work part-time in the profession he loved was the right call. “I arranged a deal where I now work three days a week and take off 12 weeks a year for vacation. So I'm not fully retired but it's very freeing.”

Jackson's story is one a growing number of Canadians can relate to. Whereas for previous generations retirement planning simply meant working at the same company for 30 to 40 years before retreating into a life of leisure, such old-fashioned notions rarely apply anymore. Shifting job landscapes might force you to retire earlier or work longer than expected, but increased life expectancy means more of us are actually pursuing second or even third careers in our “post-working” years. In fact, Statistics Canada shows that many of us are retiring later. In 1997, just 31% of men and 16% of women 55 and over were still in the workforce. But by 2010, almost 40% of men and 29% of women in that age range were still working.

The point is, there's no longer a one-size-fits-all approach for planning for your golden years. What worked for Eric Jackson may not necessarily work for you, but there is a holistic approach to retirement that everyone should follow that accounts for more than just money. At the heart of it is your “psychological portfolio,” a term coined by U.S. retirement expert Dr. Nancy K.

Schlossberg to focus attention on how our identity, relationships, support systems and purpose will be impacted once our traditional working lives end. You need to know what's going to work for you. In the following pages, we'll show you how to ensure that your retirement is rich—not just in finances, but also in new and rewarding experiences.

Get to know yourself

Once you know retirement is on the horizon, it's important to start articulating your plans four to five years out. "That would be the sweet spot," says Tom Feigs, a Calgary-based money coach and MoneySense Approved financial advisor. "People are able to articulate the next year or the year after that, but by the time they get to five years it starts getting too far out. Looking forward into the future beyond that becomes quite cloudy."

So how exactly do you kick off this protracted process? To avoid getting overwhelmed or even frightened, you need to become familiar with your psychological portfolio. "That's your identity and purpose," explains Schlossberg, who has authored multiple books on transitioning into retirement. "In your working life you have an identity that's tied to your job title, and we have to realize that when we retire there will be some issues about that identity—because related to that is your purpose." Even Schlossberg herself had difficulty navigating her new life once she retired from her position as professor of counselling at the University of Maryland. "Because I had voluntarily retired, I thought it would be a piece of cake. Well, it wasn't. It took me a while to figure out that I'd continue to be a writer."

So whether you're retiring from a career in academics or from being a homemaker after your children have grown up and moved on, you need to get a sense of what your new path will be. "This is what needs nurturing before and after you retire," says Schlossberg, and the easiest way to get a sense of what your life might look like after work is to zero in on your retirement personality.

Through all of her years of studying retirees and running focus groups, Schlossberg has identified that people follow one of six paths in retirement. Both she and Eric Jackson, for example, are "Continuers," which means they've found natural ways to carry on with their existing skills and interests, but modified them to fit into their new lives. So whereas Jackson no longer faces the pressure of owning and operating his own chiropractic practice, he's still able to keep a foot in the field. "I'm a hands-on guy. My love language is touch and so I get a great deal of joy from my job," he says, "I plan to keep on doing chiropractic work part time for at least another 10 years or until my body gives out."

Another retirement personality type is the "Easy Gliders," those who take the day as it comes and aren't worried about having unscheduled time. That certainly describes 56-year-old Brian Baillet of Richmond, B.C. Since retiring from Telus five years ago, Baillet finds himself continually surprised at how fast the days go by—whether he's walking the dog, learning more about his investment portfolio, working with a personal trainer or planning vacations. "Now I wonder how I ever got anything done while I was at work because there's always something to keep me busy," jokes Baillet. "It might not necessarily be very meaningful stuff but that's all right for now. I'm definitely not bored."

Visualize new goals

If getting a good feel for your retirement typology still doesn't give you a clear sense of what your identity and purpose will be after hanging up your working boots, don't worry—a lot of people still won't know. "What you need to think about are some other strings in your bow," says Schlossberg. "What are your other interests? Visualize and imagine things you might be doing."

A good starting point is to simply start talking with former colleagues and friends who have already retired, suggests Annie Kvick, a Vancouver-based money coach and MoneySense Approved financial advisor. "Interview people doing different things in retirement. The more you do that the better," she says. "And start talking to colleagues and friends who haven't retired yet, too." Brian Baillet, for instance, spoke with his brothers who had already wrapped up their careers in order to get a better sense of what to expect. But he didn't curtail it there. "I read a few books, I looked at the places I wanted to travel to, and the sports I wanted to try," he says. "I really tried to figure out how I would spend my extra time."

Opening yourself up to new things or passions you've otherwise kept at bay will be critical, adds Toronto-based life coach Caird Urquhart. "Maybe you love gardening, pottery or writing. Work harder at starting those types of things now so that when you leave work it's something you can actually do." That could entail going to seminars and workshops, or setting up internships with organizations you're interested in, says Schlossberg. "This will help give you new things to do in retirement. For instance, maybe you'll end up spending a year of volunteering for a non-profit."

That's precisely what 65-year-old Vancouver resident Cathline James plans to do once she's ready to retire. While James is still actively working on her latest business venture—Wise Bites, a maker of healthy, allergy-free snacks—she knows at some point down the road she'll want to steer her efforts away from full-time work and instead offer her services to projects and programs she's passionate about. "Supporting gun control is very important to me," says James.

Keep in mind, too, that how people are able to visualize their retirement is going to be different for everyone, say Feigs. "Some people aren't empty nesters until right into retirement, which puts them at a distinct disadvantage compared to those who were empty nesters a number of years before retirement." All the more reason, he adds, to work hard at visualizing what your retirement might look like—particularly if your free time is precious.

Reshape relationships

Without question, retirement changes affiliations of all kinds—so be prepared to renegotiate the altering dynamics of your social and domestic life. "At first you keep in contact with the people you work with but over time that changes and you need to find a substitute community that isn't work-related," says Schlossberg. This is why visualizing new goals is so critical—not just for finding purpose, but also for creating new partnerships and friendships.

It's much harder, however, to prepare for the disruption to your relationships at home. "That's very big," says Schlossberg, even though the upheaval will often be about seemingly insignificant things. She recalls counselling a retired couple in which the husband, who had

been an executive at a large company, started going grocery shopping with his wife for the first time. They got into an argument in the middle of the store about a brand of cereal being purchased. “That gave them a signal that something was seriously going wrong. There was a bigger issue at play.”

The bottom line is that couples should expect that they’re going to have some conflict. Namely, because they’re each bringing different types of personality traits into this transition. So this is why you need to talk to your spouse about retirement well in advance of pulling the trigger on any plans. It should start with the bigger question of, “Do we envision the same type of retirement?” says Kwick. But then you’ve also got to drill into the minutiae of your day-to-day lives, right down to how you divide chores, not to mention how you’ll handle the time you’ll now be spending together without the buffer of work.

And don’t limit this conversation to your husband or wife. If there’s adult children in the picture, you’re going to have to work out new relationships with them as well, says Schlossberg. “I worked with one retired woman who described how her adult daughter expected her to be a full-time babysitter and she had to negotiate that.”

Like Eric Jackson, those who run their own businesses and provide employment also need to let people know several years out what their plans are, adds Urquhart. “Retirement isn’t an individual choice. It involves a lot of other people.”

Know your numbers

No holistic approach to retirement can overlook financial planning. Here at *MoneySense*, we’ve crunched the numbers before: Generally speaking, couples aspiring to an average middle class retirement will need about \$58,000 of before-tax annual income (which includes typical government benefits), and for that they will need to save up \$650,000 by age 65. Meanwhile, those holding out for a more upper middle class lifestyle will want about \$74,000 of annual income and will need to save up a million or more by age 65. (Note that these are current ballpark figures and don’t account for future inflation, employer pensions or debt you may have.)

Whatever your magic number is, be mindful you’re not saving too much. A recent C.D. Howe Institute study by pension expert Malcolm Hamilton found that Canadians are, in fact, reasonably well prepared for retirement, and should expect to retire comfortably on less than the traditional 70% replacement target often cited by the government. Most middle-income earners will likely do just fine on 50% to 60% of their working incomes, Hamilton notes, assuming that the major financial burdens of acquiring a home and supporting children would no longer be in the picture.

All of this is to say that by keeping on top of your financial numbers, you may find that you’re able to retire sooner than you anticipated. If, for instance, you were working under the assumption that retirement couldn’t begin until your mid-60s, reviewing your portfolio may alleviate some unnecessary stress—particularly if retirement is suddenly foisted upon you. “If you’re offered a retirement package prior to age 65 it may feel bad, but only because you didn’t

figure out your financial plan sooner,” says Feigs. “The whole time you could have already been independent. So it’s all about taking control.”

Also, be vigilant in monitoring your feelings: It’s possible to know you’re financially set but still not trust your finances enough to stop working, warns Kwick. Some people overestimate how much income they’ll need in retirement, when what they’re really afraid of is losing an identity they’ve associated with their job title. In that type of situation, it’s important to be honest with yourself about why you’re continuing to work, says Urquhart. “Does it make you feel good when you wake up in the morning? Or is it because you don’t know what else to do?”

Take a retirement test drive

Before committing to any major “post-work” plans, your number one rule should be: Try. It. Out. In that five-year window leading up to your grand pullback from the traditional 9-to-5 grind, actively pursue some of your retirement dreams. “Set the mental state that you’re retired now,” advises Feigs. “Even though you’re still working, carry out your life in a way that you believe would be similar to retirement.”

As an example, Feigs points to a couple of his clients who have already downsized their house while they’re still working. “They’re in their mid-60s so they’re in that steadiness mode, and already visualizing and testing out what their retirement might look like.”

Part of their process has involved connecting their vacationing to places they intend to spend longer periods of time during retirement. “They love the west coast and just thought it through about how much they enjoyed their time there and what it would be like if they did that more often,” say Feigs.

Perhaps the biggest reason test-driving your retirement plans is so important is that it helps you avoid making common retirement blunders. In particular, be cognizant of the fact that activities and lifestyles that sound appealing to you now may not end up playing out the way you thought they would. “I’ve heard of people who sold their home, bought a large trailer and believed that dragging it around the continent was the retirement they wanted,” says Feigs. “After a year, they were sick of living in that trailer, no matter how comfortable it was. It seemed dreamy to drive around North America but they were surprised it didn’t fit them.”

A final piece of advice? Above all else, be patient. As you navigate your way through this new chapter of your life, “remember that your life isn’t over after retirement,” says Schlossberg. “It’s a process.”