



Transition into retirement – Perspectives on the road ahead

Like many couples of their generation, John and Diana Compton had built up their retirement savings over the past 20 years through regular contributions to their RRSPs. John, a civil engineer from Southwestern Ontario, had always dreamed of walking away from work at age 55, moving to Vancouver Island and buying a sailboat. And due to government cutbacks over the last few years, his wife Diana was also looking forward to leaving her increasingly stressful nursing career behind.

“We had this idea that our reward for years of hard work would be a retirement free of stress, and full of free time where we never had to do anything we didn’t want”, recalled Diana as they sat in their advisor’s office trying to make sense of their financial plan. “With the market volatility we’ve experienced in the past and with

John approaching his 55th birthday, we are not as certain about our retirement plan as we once were.” “First of all”, said John, “ I’m not so sure we’ll ever be able to afford the retirement of our dreams. And secondly, now that I’m closing in fast on 55, I’m not so sure I’m ready to pack it in yet – I am not as old at fifty-five as I thought I would be!”

The Comptons are typical of many aging Canadian baby boomers, who are looking at their retirement in a new light. At age 35 it was easy to make retirement plans because the end of work was still decades away. However, as retirement dates loom ever closer, wishful thinking and planning sometimes must give way to reality.

As members of the “Woodstock Generation” turn fifty, they face an entirely new kind of retirement than previous generations. Not only do they have to be concerned about financing the length of time that they could potentially be in this retirement phase, but they are faced with other challenges that affect retirement planning. Rather than being on the verge of years of ‘rest’ and ‘leisure’, many of today’s retiring baby boomers are dealing with:



- Sandwich issues - the problems of being concerned about the well-being of both parents and children at the same time
- Changing family dynamics - downsizing the home or as one spouse leaves the workplace
- Physiological changes – enduring the effects of menopause and its male equivalent, andropause
- Work-related stress – sometimes forced retirement or a golden handshake changes even the best laid plans in the blink of an eye
- Financial insecurity – the financial implications of market setbacks, the cost of achieving one’s dreams, high personal debt loads, etc
- Mortality awareness – the impact of friends, colleagues and family being stricken by illness or death

The result is a massive change to the traditional retirement picture as we have come to know it. Well-known U.S. retirement expert Dr. Richard Johnson estimates that in just one generation, the word ‘retirement’ as we have come to know it today will disappear from popular usage.

The baby boomer generation accounts for 28 per cent of Canadian households today¹, closer to their retirement than they are to the days of Woodstock. This generation is on the verge of becoming the largest ‘elder’ population by percentage in history. They face a retirement picture that has no roadmap associated with it.

A NEW APPROACH TO RETIREMENT PLANNING

Retirement planning is becoming much more of a life plan than it has been in the past. Traditionally, retirement planning had always been an accumulation exercise designed to raise enough money to have the kind of retirement that our parents and grandparents aspired to. Retirement meant years of doing what you want, not answering to anyone and being able to enjoy twenty-five or thirty years of leisure. If planning this next phase of our lives can no longer be called “retirement planning”, does that mean that we no longer need to concern ourselves about creating dreams and goals for the future?

Retirement planning today isn’t really retirement planning at all. First, the Woodstock generation is far too young to ‘retire’ from life and wind down. Second, baby boomers have typically been a self-actualizing generation, pushing their limits, exploring their world, understanding themselves and striving to achieve their goals. In fact, this next phase of their life can provide them with opportunities to:

- Find life meaning rather than ‘resting’. This next phase of life gives people the opportunity to tie their life plan more closely to the values and life goals that they may have had but didn’t have the time for when they were working

¹ Those born between 1946 and 1964. Source: Statistics Canada



- Achieve life balance over lopsided leisure. While retirement for some is one long-weekend, Woodstock retirement can be a fulfilling combination of quality leisure, satisfying work and a pursuit of self-knowledge

- Realize lifelong dreams over time-filling fun. Goal setting can be a fun way for retirees to let their mind create wishes and then let their heads create the strategies to turn wishes into plans

THE KEYS TO MAKING A SUCCESSFUL TRANSITION INTO THE NEXT PHASE OF YOUR LIFE

A common characteristic among successful retirees is a “hardy personality”, which has been characterized using the following four attributes:

1. Retirees who are committed to living their lives “on purpose”. They try to get the most out of every situation that they find themselves in.
2. Those with a hardy personality feel that they can control vital elements of their lives and set about to create the plans needed to create that control.
3. Successful retirees continue to challenge themselves to improve their lives and to create new goals and plans when the previous goals have been reached.
4. Successful retirees build on their connections to their families, close relationships, their community and their world in general.

CREATING A ROADMAP TO WOODSTOCK RETIREMENT

The concept of Woodstock retirement suggests that this new phase of life holds many opportunities to create the kind of life that you want. For that reason, it is important to consider all aspects of your life as opportunities to live a fulfilling retirement.

When it comes to developing a meaningful retirement plan, The Centre for Retirement Success workshop recommends attendees consider the following:

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| Your health | Your work |
| Your leisure | Your family |
| Your home | Your community |
| Your money | Your spirituality |
| Your mind and education | |

In addition, they advise that you:

- Make sure that you understand the difference between a wish and a goal. If you have a list of things that you would like to accomplish in the next phase of your life, attach a clear plan to allow you to reach your goals. Many pre-retirees have a wish list for their retirement that is often not very realistic. Even if the wishes are realistic, they remain as wishes if there isn't a strategy to make them happen.
- Create discussions between spouses or partners when creating a vision for retirement. Often, there are instances where couples don't talk to each other about future plans and make assumptions that fall apart when retirement decisions are made.

- Develop a clear view of what retirement will look like at age sixty, age seventy and age eighty. People should make the assumption that they may be in retirement for over thirty years. The clearer their vision of their future and how they want to live their lives, the easier it will be for them to create financial plans to carry them through.
- Don't assume that leaving the workplace is always a good thing. A lot of retirees end up returning to the work force after a short period of time in retirement. A lot of times it is because they have to, from a financial aspect, but often they return because they realize that they aren't ready to pack it in just yet! It is important for retirees to have an understanding of what strengths and transferable skills they bring from the workplace that may form the foundation of a new career.

SO WHAT FINALLY HAPPENED WITH THE COMPTONS?

After reassessing their current financial situation and taking a long, hard look at their expectations, the Comptons opted for a more phased-in approach to their retirement. For example, John decided to open a part time consulting practice that will allow him more time to pursue his interests on extended weekends. He is also trying to network with local businesses in the Vancouver

area that he might be able to obtain work from later. Diana is now negotiating with her current employer to work part time for a couple of extra years. And once John is feeling more confident about his prospects in Vancouver, she might look into obtaining contract work from the many nursing homes that are now being built in the area.

John and Diana don't dream about the sailboat any longer – they decided to go ahead and buy one instead. "With Lake Erie just half an hour away by car, I thought to myself, what are you waiting for John? The time to enjoy yourself is now." Vancouver Island is still within their plans too. But instead of dropping everything for the big move, they are "practising retirement" by spending a month this year in Nanaimo. "We are not willing to give up our dreams", says Diana, "but we are going to create a lifestyle plan that includes work and a lot more play to balance our dreams with a reality that better reflects our current financial situation."





The Centre for Retirement Success has identified nine key factors common to the first wave of baby boomers who have successfully moved into the 'retirement' phase of their lives:

- 1.** Healthy aging, or the positive view on how they view their health, including both physical and mental health.
- 2.** Financial comfort that comes from understanding what kind of life they can afford and what resources they have should changes be necessary.
- 3.** Nurturing and supporting family and social relationships.
- 4.** Positive outlook on both their present life and future.
- 5.** A positive definition of 'work' that doesn't assume that retirement means never having to work again.
- 6.** Enjoying meaningful activities and leisure, and understanding the difference between "time-filling" and "fulfilling" activities.
- 7.** Having a healthy attitude towards life's inevitable transitions and the aging process.
- 8.** Feeling in control of their life and "living it on purpose".
- 9.** Having clear visions of the future and an understanding of the values that they hold that guide them through all phases of their life.

The Centre For Retirement Success (Canada) is a research, education and advocacy company focusing on lifestyle issues for retiring Canadians. It conducts workshops across the country for employees and the general public.

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