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MDRT Minute

The Financial Implications of Retirement Lifestyle

Today's retirees have a longer lifespan and enjoy better health, more education and greater geographical mobility than their predecessors. Retirement used to be seen as a single event — a passage from the workforce. It is now recognized as a process, involving new projects, pastimes and even careers. Add the possibility of living 30 or more years after leaving a primary career, and the nonfinancial aspects of retirement become vital to consider when advising your clients.

Knowing what kind of retirement your clients want to pursue will be a primary driver for developing a plan for them to achieve their goals. Following are some questions that your clients might — and should — ask themselves. If they are part of a couple, they need to agree on them:

Do I have enough? Your clients want enough money to support the lifestyle they'd like to live, and they want their money to last as long as they do. Some may have kids in school or parents who rely on them for some financial support, or they pay a larger share of their health insurance. Others plan to travel or pursue new interests, or relocate to a more expensive resort-style setting. The answer to the question is determined by the lifestyle your clients want to live.

Have I had enough? It's important that your clients are retiring *to* something and not *from* something. For many of us, working provides rewards and satisfaction, such as status, intellectual engagement, social interaction, purpose, feelings of pride and accomplishment, structure, a paycheck and perhaps health coverage. Separating success and productivity from paid employment creates options for making retirement a time of new and meaningful roles.

Do I have enough to do? How will your clients mindfully fill 168 hours a week? Activities that are challenging and provide a sense of self-worth are one of the keys to a happy retirement. What types of hobbies might they enjoy? How about lifelong learning? Should they start a new career? Your clients should think about the activities they've found pleasurable, but haven't had time to pursue — singing, karate, theater, biking, learning or volunteering. Skill-based volunteering uses educated and business-savvy volunteers to help with projects and strategic planning.

Why do I need to plan? Even if your clients believe they are going to work forever, be sure to address expectations versus reality. A 2010 study by the Employee Benefit Research Institute found that although 28 percent of those 64 and younger expected to keep working, more than 60 percent retired. What are the reasons for this? Health issues, downsizing, closing companies, the need to care for an ailing spouse or family member, and outdated skills all contribute. Only 10 percent gave solely positive reasons for their earlier-than-planned retirement.

Jan Cullinane, MS, ABD, is the co-author of the best-selling book, "The New Retirement: The Ultimate Guide to the Rest of Your Life." Through her company, Retirement Living from A to Z, Cullinane conducts retirement seminars on the nonfinancial aspects of retirement. Her entire 2010 Annual Meeting presentation is available at www.mdrtpowercenter.org.