

Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the sixth issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.

We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).

If you missed issues #1 thru #6:

They're available at:

<http://www.retirementworks2.com/support.asp?id=newsletter>

Next month:

Are employees and employers in sync about the need for advice at retirement?

What is life after retirement about?

Helping employees cope with the need for renewed purpose and meaning

Why, you may be wondering, is this relevant to you?

Isn't it hard enough just to give people good advice about their benefits, then point them to some decent financial software, or maybe refer them to a local financial planner? Is their sense of purpose and meaning in life any of your business?

Obviously, it isn't, for a long list of reasons. Yet *indirectly*, it is. If you consider it part of your own goal to see that people make a successful transition into retirement, then whatever puts them in the best position to do so is something you should consider. You can't *give* their lives meaning and purpose, but you can pretty easily encourage them to *think for themselves* about what they want their new retired life to be about, and to provide (or point them toward) resources that will help them do so.

So the two issues we want to address this month are: (1) Why is this such a pivotal issue in retirement planning? and (2) What can you *realistically* do to help your older employees and retirees address it?

Understanding why this is an important issue means understanding retirement not as an event (ending full-time work), but as a new phase of life, one that is important in and of itself, and one that serves as a bridge between career and old age.

Seen in this way, retirement is a relatively new phenomenon. In the old days, people worked until they were too old to do so, or until some arbitrary age, such as 65. When people were not as healthy as they are today, and rarely lived into their 80s and beyond, retirement typically occurred when people were already "old" in physical and mental

terms. The majority retired to rest, and to nurse their ailments.

Today, when people often retire before age 65 and commonly have a life expectancy of 20 years or more in retirement, they normally have quite a few years of vigor in front of them on the day they retire. Their lives are not merely about resting, or nursing their illnesses. They still need challenging, meaningful activity, and purposes to strive for.

But this does not mean that they possess them. Having been focused on their work for so long, they may themselves be thinking mostly in terms of just getting out, decompressing, and having some freedom and fun. All of that is good. But it is not sustaining over a long period of time. The pursuit of pleasure itself becomes stultifying before long. Rest turns into tedium, and happiness becomes increasingly elusive.

For most of us, whether we are employed or not, having some purpose outside of our own amusement is essential to our happiness. And so, if retirees are going to make the most of their retirement, for their own benefit

and for the benefit of their families and of society, they need to find sources of meaning and value in their lives for however long they have the capacity to contribute. For most retirees, this means finding new values and purposes, or rediscovering old ones that perhaps got neglected during their working years.

“...While 84% of retirees who by a range of objective measures are “living the good life” report that they have a sense of purpose in their lives, only 33% of those who lead less satisfying lives report a sense purpose.”

This is not ivory tower mumbo-jumbo. A study published last January by the MetLife Mature Market Institute found that while 84% of retirees who (by a range of objective measures) are “living the good life” report that they have a sense of purpose in their lives, only 33% of those who lead less satisfying lives report a sense of purpose. This pretty much says it all.

In addition, the earlier healthy years of retirement should be a preparation for the later, unhealthy years. Just as you encourage employees to save while they are working in order that they will be ready for retirement, so too should retirees use the early stages of retirement to get ready for the later stages.

Meaning and purpose are pivotal here, because now we are talking about a true, and often severe, winding down of one’s capabilities and activities. Finding continued purpose and meaning as one becomes less and less able is a great challenge – but much less so, if one has prepared oneself for it.

So this is not just about finding new hobbies or making new friends, but about a deeper level of understanding what life in general means, and about what one’s own life means, in retirement, and on through into one’s declining years. This is where one’s philosophy of life gets truly tested, and where one’s spirituality (however it may express itself) comes into play.

But don’t let these terms frighten

you. No one expects or wants you to be a guru or a spiritual counselor. Your role, if you want to help older employees retire successfully, is to make sure: that they are aware of these issues, that they have resources to help them understand these issues, and that they have some idea where answers that might work for them can be found.

Here is a short (and far from complete) list of sources that deal specifically with issues of purpose and meaning in retirement and that you could suggest to older employees and retirees:

- The *free* MetLife Mature Market Institute report referenced above is a brief but eye-opening piece. You can find it at: [http://www.metlife.com/assets/cao/mmi/publications/studies/mmi-discovering-what-matters-study.pdf?SCOPE=MetLife&MSHiC=65001&L=10&W=on%20purpose%20recent%20study%20&Pre=<FONT%20STYLE%3D"background:%23ffff00">&Post=</FONT](http://www.metlife.com/assets/cao/mmi/publications/studies/mmi-discovering-what-matters-study.pdf?SCOPE=MetLife&MSHiC=65001&L=10&W=on%20purpose%20recent%20study%20&Pre=<FONT%20STYLE%3D)
- Richard Leider, who was co-designer of the MetLife study, has written a number of books on purpose and meaning. His latest (with David A. Shapiro) is *Something to Live For: Finding Your Way in the Second Half of Life*.

- Steve Vernon's *Live Long & Prosper* embraces issues of meaning and purpose as part of a comprehensive approach to retirement.
- Richard P. Johnson, in *Creating a Successful Retirement: Finding Peace and Purpose* takes an approach to this topic informed by Christianity.

Recommended Reading for Employees Getting Ready to Retire

Thriving Beyond Midlife, by E. Craig MacBean and Henry C. Simmons

\$29.95 (Institute for Integral Retirement Planning, 2006)

Notice: We do not sell books, or have any financial stake in recommending them.

This book is hard to find, but well worth the effort. It focuses on aging more than retirement *per se*. But it addresses, better than any other source we have seen, the phases of aging most of us go through, starting from a reasonably healthy midlife state, and culminating at death.

This might sound grim, but the authors argue persuasively that facing the reality of this natural progression, and preparing ourselves for it psychologically, financially, and in other ways, is our best strategy for thriving in our older years.

They focus on three primary questions:

- Where will you live?
- How will you pay for it?
- How will you live?

It is unusual, among retirement planners, to start with: Where will you live? But MacBean and Simmons make a persuasive case that our living arrangements will make a great deal of difference, both financially and in other ways, as we enter into phases of physical or mental decline, or as our spouses or life partners do.

Their third question (How will you live?) brings us back to the main theme of this issue of the *Retirement Readiness Report*, because the authors do address “Thriving in Heart and Soul” as well as “Thriving in Body and Mind.”

For employees who want to think beyond the dollar signs in planning their own retirement, this is one of the most novel and valuable books out there.

If you or your employees have trouble finding it, feel free to contact us, and we can put you directly in touch with one of the authors, who can provide copies.

Featured Website

My Financial Reflection

<http://www.myfinancialreflection.com>

This website, created by *Financial Karma* author Robert Laura, offers a unique and helpful financial planning tool that can benefit employees of all ages and stages of life.

What's special about Laura's approach is that it is not focused on numbers. Instead, it asks mostly about the individual's goals and priorities, and about where the family budget is currently being applied. Rather than telling people where they should spend their money, Laura encourages people to think for themselves about what really matters to them, and

then – by providing access to the My Financial Reflection software – enables them to see whether their actual expenditures align with their stated priorities. For many of us, the answer is No – and changes are in order.

This process – what Laura calls “mental budgeting” – will, as it says on the website, “give your financial life new meaning by helping you become more conscious and aware of what you're doing with your money and the impact it is having on your life.”

This approach is unlike anything we have seen elsewhere, and the concept makes a great deal of sense. In addition, it has two other key virtues:

- It's easy to use.
- It's free.

The software itself puts you through a five-step process, at the end of which you get a report that summarizes what you have said, and highlights the issues you should focus on.

What you do from there is up to you. If you feel that you know where to go next, you can do it

yourself. Or if you want help, you can be put in touch with an experienced advisor.

This website states: “We guarantee that this will be the most comfortable and enlightening financial program you will ever experience.” We're guessing that most, if not all, of your employees will agree with this assessment.

About RetirementWORKS[®], Inc.

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Massachusetts, which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful financial software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

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