

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 twenty-third 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 #22:

They're available at:

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

Next month:

Is spirituality an appropriate issue for discussion in a retirement readiness program?

Holistic (or “integrative”) planning

Planning for retirement often happens by considering random questions at random times. “When do I want to retire?” for instance, might be decided two or three years ahead of time. “How much money will I be able to withdraw from my savings every month?” might get asked as retirement draws nearer. “What do I do with my time when I’m retired?” might get some thought the day after the retirement party.

This casual approach might make sense if retirement were merely an event. But “retirement” is also the *state of life* that persists after the retirement event is over. This means it is a complex business, and a critical one, since it is the final stage (though it can last for decades), and we don’t get a do-over.

Retirement is much more important and complicated than, say, planning a vacation trip or making a holiday dinner, but most of us put more time into planning occasions like that than we do for our retirement.

When planning Thanksgiving dinner, for example, we would never take the scattershot approach we use for retirement. We know that the number of guests, what their dietary needs and preferences are, getting all the right ingredients, coordinating with other guests who are bringing food, timing the meal around outside events (travel needs of guests, perhaps church, perhaps football), and other decisions not only all affect the quality of the day, but have an impact on one another. If the guest list changes, for instance, perhaps the timing of the meal or the menu needs to change as well, or the seating arrangement, or the need to find someone else to bring the pie.

Problems like planning a social occasion, therefore, need to be approached in a “holistic” or “integrative” fashion. That is, we need to take account not only of all the elements of the plan, but all the

connections among the elements of the plan.

How much more, therefore, do we need a comprehensive, holistic, integrative approach to retirement!

The need for comprehensiveness and integration in planning for retirement really exists at two levels.

First, we need to integrate all the financial questions that need to be answered. You might suppose that this is a no-brainer, because of all the mighty financial institutions that have an interest in helping retirees make wise decisions.

But in reality, this kind of comprehensive, integrated financial planning rarely occurs. Financial companies and their representatives are mostly equipped to answer individual financial questions in isolation – for the most part, as if other issues and even known future changes (for example, the pay-off of a home mortgage) do not even exist.

Second, we need to integrate the financial and non-financial issues, because when it comes right

down to it, there are very few “non-financial” issues that do not have important financial implications.

Will you move after you retire? Will you travel? Will you decide to get a part-time job? Will you get divorced, or married, or remarried? Will your children move in with you, or will you move in with them? Will you find a new hobby in retirement, or get more involved in one you already have? Do you plan to entertain a lot, or go out on the town?

“You might suppose that this is a no-brainer, because of all the mighty financial institutions. But in reality, this kind of planning is a rarity.”

As is readily apparent, any of these issues – and plenty of others just like them – could have a big effect on your financial position.

Conversely, decisions you make about your finances will tend to either enable or constrain your freedom to make lifestyle and other decisions that cost you

money, or may tend to put you in a position where you feel you need to continue working after your retirement party is over, or find some other way (if you can!) to bolster your financial position.

It would be great if there were already a handy source for this kind of integrative planning. But the best we can say is that advisors, coaches, therapists, and other professionals are increasingly *aware of* the need for comprehensive, integrative approaches to dealing with retirement. The Life Planning Network, and the Association for Integrative Financial and Life Planning are two professional organizations already dedicated to this need, as is a certain contingent within the Financial Planning Association.

But there is a long way to go. “Comprehensiveness” is actually the easier part, and various books, training programs, websites, and other resources already try to cover most, if not all, of the issues that concern people in the second half of life.

“Integration” is the biggest lack. People on both the financial and

the non-financial side sometimes understand the *range* of issues that retirees and near-retirees face, but they do not understand all the *connections* among these issues, and for the most part they do not have good *analytical tools* to help them assess and resolve problems that cross boundaries.

This is our own primary focus here at RetirementWORKS, Inc., and we wish we could claim that we had this problem licked. We have made a lot of progress – we have a pretty good solution to integrating the financial issues, and a partial solution to integrating the non-financial ones – but a fully adequate answer is at least a few more years away.

In the meantime, the need remains. We are sending people into retirement more unprepared for that phase of their lives, perhaps, than any other. We may not be ready to leap from here to a fully robust solution, but we all can certainly do better than we have done so far.

Recommended Reading for Employees Getting Ready to Retire

What Color is Your Parachute? – for Retirement, by John E. Nelson.

Second Edition, \$16.99 (Ten Speed Press, 2010)

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

First, this book is nothing like its parent publication, *What Color Is Your Parachute?* – which you probably are already familiar with. This book is about making the most of retirement, not about finding the right job.

Second, we wouldn't want to have to pick just one book about retirement for people to read, but if we had to, this just might be it.

One reason we say so is that Nelson takes the kind of comprehensive, integrated approach that this issue of the *Retirement Readiness Report* focuses on. He describes the overall goal, very sensibly, as *well-being*, then divides this large and vague term into three specific domains: Happiness, Prosperity, and Health.

Each of these three then breaks down into two further categories: Happiness has both a psychological and social side, Prosperity has to do with both money and physical location, and Health involves both biology and medicine.

In Nelson's scheme, though, these are not separate domains, but overlapping ones: each affects and is affected by each of the others. His insistence on this is consistent and important, because even though we lack good tools to help us fully deal with this integration, our own brains are obviously the most powerful tools we will ever have, and Nelson helps to train our brains to think about retirement consistently in holistic terms.

But these concepts are only the beginning. Nelson explores each of the six domains in intriguing and insightful detail. We guarantee that in each of these areas, you or the employees who read this book will discover at least one or two, and probably quite a few, new ideas, facts, and sources of further information and analysis that are entirely new to you, and that might intrigue you.

This is a book that you can recommend with confidence to your older employees and retirees.

Featured Website

Retirement Readiness for Retirees and Near-Retirees

http://www.retirementworks2.com/RetireReady/RW_RetireReady_Home.htm

No, we aren't going to write about this every month, but this is the *completed* version of the new website we have been working on and telling you about recently. And it has a new location (the temporary link we provided before should no longer be used).

The aim of this site is to provide what we have been discussing in this issue, a *comprehensive, integrated* approach to retirement.

This site is *comprehensive*, in that it covers all the issues, financial and non-financial, that affect people in or near retirement, from what kind of investment strategy you should have to how to deal with the death of a beloved pet.

It does this, for the most part, not by giving direct advice, but by referring you to websites, books,

and other sources of education and advice, so you and your employees get access to the best that's out there. Why settle for materials prepared by one author or one company, when no individual or group can be expert in everything that touches upon retirement? By being referred to the *best* sources, (some free, some not), you get help that is both expert and unbiased.

This site is also *integrated*, in that, while pointing you to resources on 116 different topics related to retirement, it also cross-references them, so you know which ones most affect one another, and so while considering any one of them you can also take into account related issues that might have an impact.

And best of all, access is free (or, for a reasonable fee, we can do a customized version for you). And we are committed to keeping these web pages up-to-date.

It is not, of course, the ultimate answer. As we have said before, education is generic, but advice needs to be personal. Although some of the sources we cite do provide software or other tools

that provide individualized advice, that advice is mostly on specific issues, and none of it is truly comprehensive. The ideal resource would offer truly comprehensive, integrated advice in one place, with references to additional sources of information (and someday we'll give you that).

Meanwhile, outside experts who've seen this site have called it "brilliant" and a "tour de force," so you might want to check it out, now that it's truly ready.

About RetirementWORKS[®], Inc.

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Mass., 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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