

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 thirtieth 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 #38:

They're available at:

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

Next:

Retirement planning and the 4% rule

Volunteerism in retirement

One of the most obvious differences between working and being retired is that retired people usually have a lot more free time. For some, this is a problem. We've all heard of or known people who retired, and after a brief period of luxuriating in having nothing much to do, became bored, frustrated, and even depressed about it.

This discussion is not really about them, except that volunteering time for a good cause is one of the best remedies. It not only helps fill their time, but it does so in a way that helps take their focus off themselves and therefore gets at the true root of their problem.

For other retirees, having free time is viewed as a big opportunity right from the start. They have a whole list of things they've been looking forward to doing. And volunteering some of their time, and their energy, their skills, their experience, and their heart, is an important part of that picture.

And if it isn't, perhaps it should be. If you are helping older employees get ready for retirement, this is definitely a topic that needs to be covered.

We say that because volunteering is one of the most rewarding activities that people can engage in. It benefits other people, often those most in need of help, but as volunteers often say (and often in these exact words), they get so much more out of it than they give.

If you yourself are or have been a volunteer in a good cause, one that you believe in and that matters to you, and where you have truly had an opportunity to make a contribution, and especially if you get to see the impact you are having, then you know what the rewards can be. In addition to the knowledge that you have done something good for someone else, there is the sense of teamwork in participating with others in a worthy endeavor, there is the fulfillment of having completed a

worthwhile task, and there is a certain justifiable pride in one's own values and choice: in knowing that you are one of the people who is working to make the world better, and not just living off the fat of the land.

There is also the sense, for many volunteers, of having built up a balance in a sort of moral bank account. Any of us might need to be on the receiving end some day . . . and retirees, who are well aware that they are aging, typically perceive that this could happen in the not-too-distant future. Most of us don't want to just be takers, we also want to give back . . . but if we need help at the end of life, as many of us will, it will be too late to give back afterwards, and so those of us inclined to keep score feel better %giving back+ahead of time.

Even so, taking on a volunteer job is a serious enterprise, which one should not go into casually. It has all the essential elements of looking for and committing to a paid job, except for the pay. So it makes sense to go through a similar series of steps.

Many of you who receive these

Reports from us are HR professionals, so you already know the drill. But not everyone does, and naturally it is all *somewhat* different in the volunteer context.

To begin with, most people . . . even retired people . . . prefer to volunteer on a temporary and/or part-time basis. They also usually feel that since they are not

“Taking on a volunteer job is a serious enterprise, with all the essential elements of looking for and committing to a paid job – except for the pay.”

going to be paid for their time, they can walk away if it doesn't work out.

Even so, you should encourage them to take it slow, make a careful decision, and go into it with the intention of making a serious commitment.

Going slow is important for any significant life change in retirement. There are so many unavoidable adjustments to make at that time of life that it's best to control the impact of those that can be controlled.

Ideally . . . and this is important if you are dealing with this issue as part of a Retirement Readiness program . . . retiring employees will have already identified a cause and will have already started engaging with it (or started increasing their engagement) *before* they retire. This way, their volunteer activity is something that represents a continuation, and a source of *stability* during the retirement transition, rather than an additional disruption.

Making a careful decision, as with any job search, also involves taking the time to understand oneself . . . one's natural aptitudes, acquired skills, desires, and limitations . . . as well as the time to survey the landscape, to network, to investigate specific organizations and opportunities of interest, and even to try out getting involved on a small scale (something that is usually much more possible with volunteer work than with paid work).

Making a commitment can be at different levels for different people in different situations. But in general, the stronger commitment one makes, the more one gets

out of the experience . and the bigger contribution volunteering makes to the purposefulness and success of one's retirement.

So these are the elements to stress in your own retirement readiness program.

For *resources* relating to volunteering, from how to determine whether it's right for you (the employee/retiree), how to identify the right cause and the right position, and even how to start up a not-for-profit from scratch, see our web page on [Volunteering](#).

Recommended Reading for Employees Getting Ready to Retire

Managing Retirement Decisions, a series of consumer-oriented papers from the Committee on Post Retirement Needs and Risks, of the Society of Actuaries

<http://www.soa.org/research/research-projects/pension/research-managing-retirement-decisions.aspx>

Although we are connected with this professional group, we can't

take any credit for these papers, though we wish we could. They provide generally quite excellent information, presented in a readable and visually pleasing format, relating to many of the key financial decisions that people face during the retirement transition.

Perhaps best of all, you can get them and distribute them for free.

Here's a list of the documents you can find there, all in PDF form, with the links to the individual papers, in case that's more convenient for you:

- **Big Question: When Should I Retire?** Key questions to consider, examples showing financial benefits of delaying retirement.
<http://www.soa.org/files/pdf/research-pen-big-question.pdf>
- **When Retirement Comes Too Soon** Dealing with plans turned upside down by unplanned early retirement.
<http://www.soa.org/files/pdf/research-pen-retire-too-soon.pdf>
- **Women Take the Wheel: Destination Retirement** Special issues faced by

women in retirement.

<http://www.soa.org/files/pdf/research-pen-woman-take-wheel.pdf>

- **Deciding When to Claim Social Security** When to claim Social Security, and the effects of that decision.
<http://www.soa.org/files/pdf/research-pen-deciding-ss.pdf>
- **Designing a Monthly Paycheck for Retirement** Replacing a regular paycheck and related options.
<http://www.soa.org/files/pdf/research-pen-monthly-paycheck.pdf>
- **Treating Asset Allocation Like a Roadmap** Tradeoffs and risks in choosing investment asset classes.
<http://www.soa.org/files/pdf/research-pen-treating-asset-allocation.pdf>
- **Securing Health Insurance for the Retirement Journey** Pre- and post-age 65 retiree insurance choices.
<http://www.soa.org/files/pdf/research-pen-securing-health-insurance.pdf>
- **Taking the Long-Term Care Journey** Answers to ques-

tions about whether to buy insurance.

<http://www.soa.org/files/pdf/research-pen-long-term-care.pdf>

- **Where to Live in Retirement** - Housing issues and special elderly housing needs.

<http://www.soa.org/files/pdf/research-pen-housing.pdf>

- **Estate Planning: Preparing for End of Life** - Estate planning considerations and key issues.

<http://www.soa.org/files/pdf/research-pen-estate-planning.pdf>

- **Finding Trustworthy Financial Advice for Retirement and Avoiding Pitfalls** - Recognizing sources of bias, and avoiding fraud.

<http://www.soa.org/files/pdf/research-pen-financial-advice.pdf>

These decision briefs, as they call them, generally contain only about a half dozen pages of text. So they are easy for someone to digest, and they are a great starting point for retirees or near-retirees who need an intelligent and honest introduction to any of these topics.

They are not the last word in any of these areas, but they provide enough of an overview, plus a sufficient amount of specific information and advice, to be truly helpful.

And they are geared very much to the needs of ordinary people. Even the one on estate planning deals mainly with topics that should be of interest to just about anyone: the importance of wills, health care proxies, and powers of attorney, and of leaving one's papers in an organized state for the benefit of one's heirs.

There's a little talk about trusts, which actually can be of benefit to middle class families in some circumstances, but not too much.

That's typical of this series of papers. You get a survey of financial topics related to some of the biggest decisions retired and retiring people need to make, and the biggest risks they need to prepare themselves and their families for.

Even where we might quibble with some of the content, we do so respectfully, because these papers take a very non-dogmatic approach to the issues they

cover. For example, in the paper on **Designing a Monthly Paycheck for Retirement**, they acknowledge that this is not necessarily even the right thing to do. We believe that it isn't at least not exactly. But it is hard to object to an approach that lays out the options and gives the pros and cons in an objective way.

You can pass these along with confidence to employees you are trying to help.

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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