

# preparing for retirement

There's more to retirement than just being financially secure. Be prepared!

**Story** Peter Black CA and Tao de Haas

**W**ith baby boomers being the largest group in history to retire, preparing for retirement is perhaps one of the most important issues that is and will be affecting many people. While many prepare themselves financially, few will think about, let alone be prepared for, the non-financial changes that retirement will bring.

Believe it or not, very few people are prepared for some of the most significant events in their life. Take marriage for example. While many people prepare themselves well for a wedding day, few will ever prepare themselves for the actual marriage. Retirement is another significant life event and perhaps not that different. Similarly, while many people look forward to the day they retire, what happens after that is often given little consideration beyond some basic assumptions and expectations.

How well are you prepared? Research and our experience shows probably not very well – and this may just be the financial aspect – more so post the global financial crisis. The greatest challenges people who retire will often face are far greater than having sufficient money which, while important, is certainly not the only consideration.

## FACING THE FACTS

In Australia, there is no official retirement age, just a number of age points in our social security, superannuation and taxation systems that induce a retirement mindset. People can potentially commence a transition-to-retirement (TTR) pension at age 55, take their superannuation as a lump sum or in pension form at age 60 tax free or be eligible for the government age pension at age 65 (moving to 67 in 2017). But is retiring the right outcome – for the individuals, their families, employers or society as a whole?

As the average life expectancy for men

and women is getting above 80 years of age, retirees are potentially nearly facing as many years being retired as they have been in the workforce – but without the obligations and expectations prevalent in younger years like building careers, raising children and paying off mortgages. Thirty years is a long time retired! And with declining birth rates meaning that by 2050 Australia will only have 2.7 people in the 15-64 age group (prime working age) to every person over 65, compared with 5:1 in 2010 according to the Federal Government's 2010 Intergenerational Report, having this many retirees will place huge pressures on the retirees, our businesses, health and infrastructure systems and government finances.

## CAN BEING RETIRED BE STRESSFUL?

When asked, many people see retirement as having time to enjoy leisure and freedom. Generally people will talk about the plans they have such as travel, spending more time with the family, pursuing hobbies or furthering education. Retirement can and should be an exciting time, a time of new

Of course there are many exceptions, yet for a majority this holds true. It is often only when people leave the workforce they realise that their job provided more than a monetary reward. Beside the challenges, stress and responsibility that is associated with many jobs, work for many people also provides basic human needs such as the need to belong, to engage, to contribute, to interact, to feel a sense of importance, purpose and meaning, something to get up for in the morning.

## NEED FOR MEANING

Can the need for meaning, purpose and direction become even more important?

While many are happy to no longer have the responsibilities and obligations that work brings with it, others, especially men, can experience a sense of loss of purpose when they retire. They have a sense of being 'put out to pasture' and no longer feeling useful. For many, gardening, fishing, bowling, travelling, finally painting the house etc seem to only satisfy for a limited amount of time. Soon, some of the core human needs surface, wanting

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beginnings. Yet reality often shows a very different picture. A major change of lifestyle is often very stressful especially if little consideration and planning has been given to that change. Few people understand the impact that retirement is likely to have on themselves and their families.

The psychological impact of retirement can be greater than most people will realise.

to be satisfied. We humans flourish most and are most content when we have a sense of meaning, purpose and direction. If these essential needs are not addressed it can lead to an increased probability of mental as well as physical health problems. Especially for men, depression and even premature death is not uncommon soon after retirement. It is therefore important

to consider how else you are going to fulfill some of these basic human needs after your retirement. These needs do not end with retirement, if anything they can become even more important.

### **IMPACT ON RELATIONSHIPS**

For those in relationships, whether long standing or relatively new, the time spent in each other's company greatly increases. Rather than it being like a second honeymoon, relationship challenges and issues often come forth. This requires preparation and skillful negotiation. Sadly, very few people will be able to openly talk about their needs, assumptions and concerns before they enter this new phase of their life. The person that you thought you wanted to go travelling with might be the very person you now want

to get as far away from as possible. Our experience shows that many people, especially women, are concerned about the huge change to the relationship. Many are afraid to raise this issue out of fear of disappointing their partner. One woman said: "I can't think of anything worse than being cooped up with him 24 hours a day traveling around in a caravan or going fishing all day – what is going to happen to my interests? I just don't have the heart to tell him."

Spending much time together after many years of each having your own territory can disturb the equilibrium of the relationship, often bringing unresolved tensions to the surface. Both men and women may struggle to adjust to the new situation. What worked before might not necessarily work after retirement. If, for example, your

partner stayed at home while you worked, he/she may resent your intrusion on his/her traditional territory. You might wrongly assume that he/she will be delighted that you are going to impose yourself on his/her well-established routines. While these important issues need careful consideration and effective communication, most people think these things will happen automatically and they most often don't! Unfortunately, after a period of time many people realise that retirement is not all they had imagined. Even smelling the roses might start to smell after a while!

### **DOING SOMETHING**

Now all this might sound depressing but it doesn't have to be. Retirement certainly does not have to lead to the difficulties mentioned above and, yes, it can be the



most wonderful and rewarding time after many years of hard work. However, there are various aspects that need to be addressed and considered like reorienting oneself away from work, finding a new direction and purpose, dealing with age and health issues or perceptions, finding new leisure interests and social networks, dealing with dependants (whether adult children or aged parents) and adjusting to a new potential financially constrained lifestyle.

There is also the option to continue working, but maybe not at the same pace or in the same corporate or professional services environment as previously. We are seeing more people, through choice or sometimes because it is the most feasible option, commence or continue a portfolio career which may have a combination of static or ever-moving components of part-time work, voluntary activities, consulting, directorships, investing and/or education – whether teaching or learning. And if you are doing something you are passionate about, it may not even be regarded as work – yet may be satisfying many of the core needs. Financial reward may just be a secondary consideration. Many people tell us that they have found new meaning and purpose and direction through contributing to other people's welfare. "Doing something worthwhile for other people has given me so much meaning and purpose. I find it tremendously rewarding, perhaps even more rewarding than when I worked in my job. Making a contribution is certainly more rewarding than sitting in my rocking chair with my slippers on," says one retiree.

### BE PREPARED

A little consideration and preparation goes a long way.

Besides the financial aspect, and with careful preparation and planning, it can be a new beginning realising your dreams, doing what you always wanted to do, starting a new and rewarding phase of your life. These things do not just happen automatically.



The better you prepare yourself in both the financial and non-financial areas, the more you will enjoy your well deserved retirement. Here are some points to consider:

- > know what you want and what is really important to you, beyond the first year of travel, fishing, reading etc
- > explore, communicate and negotiate with your partner and family to find each individual's needs and expectations
- > re-examine what gives you purpose and meaning
- > understand what gives you your sense of self
- > discover more 'who you are' rather than 'what you did' that gave you an identity
- > understand what is important to you in this new phase of your life and how you are going to get your basic human needs met
- > learn how to deal with the potential loss of

importance and identity that work often provides

- > be prepared to explore new opportunities to learn, network and even work – whether on a paid or voluntary basis
- > adopt a long timeframe more in accordance with your life expectancy – then plan to that. 🕒

Peter Black CA and Tao de Haas have developed a program that helps people prepare for retirement. The program includes specialised retirement preparation assessments and tailored coaching.

Black is a Chartered Accountant, business and executive coach and a certified retirement coach.

A registered psychotherapist, de Haas is also a social ecologist and executive coach.

For others workshops, presentations, keynotes, assessments and one-one coaching contact Peter Black on 0419 510 955 or peter.black@peterblackcoaching.com or Tao de Haas on (02) 9499 2499 or tao@corporatexl.com

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