

5 ways retirement is changing



Jacqueline Louie | February 19, 2015

Retirement today is far more complex and unpredictable than it's been in the past.

"It's really uncharted waters," said author Maddy Dychtwald, co-founder of Age Wave, at the *Benefits Canada* DC Plan Summit 2015 in Lake Louise on Wednesday. In her keynote speech, she encouraged executives and managers to help their plan participants think about retirement in a broader way, beyond the money.

"Retirement is about a lot more than just the money," Dychtwald explained. "However, based on our most recent studies, achieving financial independence is the key to unlocking retirement's full potential."

Canada is seeing transformative change taking place in the way that people think about retirement, and in how they should plan for it, both financially and in every other area of life.

Two dynamic new forces of change, according to Dychtwald, are increasing longevity, and shifting demographics. Over the course of the 20th century, the average life expectancy has skyrocketed by more than 30 years, which Dychtwald described as a "longevity bonus."

Women need to pay particular attention: they tend to outlive men by four years, but on average, women's retirement accounts are just two-thirds those of men.

From 2010 to 2020, most of the population growth has been taking place in the oldest segment of society (age 65 and older), in Canada and in many other countries that are coping with the same demographic dynamics.

“The baby boom has become an age wave,” Dychtwald said, noting that baby boomers always do things differently from previous generations. “They are change agents, and now they are re-visioning retirement.”

Five key changes that Dychtwald sees in re-visioning retirement are:

1. New work/life design

“The question becomes where to put our longevity bonus—that extra 30 years of life,” she said. For example, someone might decide to go back to school to prepare for a second, third or fourth career. “You get an opportunity to reinvent yourself.”

2. Flexible retirement

A flexible retirement is the new ideal, according to a Merrill Lynch/Age Wave survey: 24% want to cycle between leisure and work, and 39% want to work part-time.

“Post-retirement careers are being considered by almost half of all workers,” Dychtwald said, noting many people believe that working in retirement is an antidote to aging.

3. New multi-generational challenges

The fastest growing family unit today is the multi-generational family; and intergenerational complexity has huge financial implications for employees.

According to an Age Wave/SunAmerica study, the new retirement wild card is having to provide financial help to family members, such as adult children, grandchildren, siblings or parents.

4. How retirement is being envisioned

The new definition of retirement is to stay engaged, to re-invent, “and more than anything, to enjoy the freedom of doing what you want, when you want.”

5. Planning and funding retirement have dramatically shifted

“We are seeing a pronounced mindshift toward financial self-reliance. We all know that financial planning is not a do-it-yourself project,” Dychtwald said.

With that in mind, plan sponsors have the opportunity to guide their employees through the planning process—giving them choices, and helping them determine what they need to do in order to live their dreams in retirement, as well as feel a sense of security and peace of mind. “It’s an opportunity for plan sponsors to do well and do good.”

Original URL: <http://www.benefitscanada.com/news/5-ways-how-retirement-is-changing-62790>