

Loy: The retirement class of 20XX and 4 stages of retirement

Brian Loy *May 20, 2016*

It's time to celebrate this year's graduating classes with family photos, champagne toasts and cards stuffed with Franklins. It's also time for the infamous commencement program – those that are short, sweet and memorable – or more commonly, we're taking pictures of family members "resting their eyes." Great commencement speeches are brief, funny and have an inspiring message. And the speaker delivers to a broad audience, from summa cum laude to those who are "just getting by," to family who want to get out of the hard seats and hot sun.

So here's a challenge to you: Next time you attend a cap and gown event, listen to the speaker's words and imagine that you are the graduate about to embark on a new career. The speaker is delivering a Mark Twainsim – "The two most important days of your life are the day you were born, and the day you find out why." Your new career is retirement. And your graduation card says "All the best for your new life. Make it a successful one." What are you going to do with the rest of your life?

Webster's defines leisure as the time when you are not working; the time when you can do whatever you want to do. A study was released this January titled "Leisure in Retirement: Beyond the Bucket List." It was prepared by Age Wave, a research and thought leader on population aging, in collaboration with Merrill Lynch. They summarized an emerging new portrait of retirement. More retirees find their golden years and retirement to be a launching point rather than a finish line. Much

of this is attributed to longevity, better health later in life, and the boomer “age wave.” Three of their key findings follow.

Breaking workaholism: The U.S. is labeled as the “no-vacation nation.” Americans experience fewer vacation days than most developed nations (about half the rate of many European countries). And briefcases aren’t always left at home when we go on vacation (80 percent say they do some sort of work-related activity on vacation, including regularly checking email).

Transitioning from “time-constrained” to “time-affluent:” The number of those 65 and older (time-affluent) soon exceeds those aged 35-44 (time-constrained). Leisure is viewed differently by the two groups. Workers often view “free time” as precious and scarce, a time to relax and de-stress; travel can be short and some cannot unplug from technology. For retirees, leisure is abundant, a time to engage and act; travel is more immersive and technology helps them stay socially connected. Currently, retirees enjoy about 126 billion hours of leisure time annually, and it will swell to about 2.5 trillion hours as more retire. Imagine the impact of an eighteenfold increase in time to fill – to individual, family, leisure and health/wellness marketplaces and services.

Four stages of retirement leisure: Dr. Ken Dychtwald, founder and CEO of Age Wave, and his team identify four distinct stages.

- Winding down and gearing up: Excitement is high as workers look forward to retiring and doing the things they’d rather be doing. Travel is about escape and recharging batteries. They tighten their belts and spend less. Often missing are clear retirement goals and priorities, and how to allocate time and money. This stage occurs five or fewer years before retirement.
- Liberation and self-discovery: Retirement brings significant relief and liberation. They finally have the time to live life on their terms. Often this one- to two-year period is about experiencing professional growth and adventure; 72 percent say they want to try new leisure activities and 24 percent continue to work (two-thirds are part time). Some early retirees have difficulty adjusting from their work-centered life.
- Greater freedom and new choices: The peaks of freedom, fun, emotional well-being and choice happen three to 15 years into retirement. People embrace their post-work identity and new levels of happiness with greater control over their free time. They’re likely to exercise, shop, read, volunteer, take classes and socialize with friends. More adventuresome travel

occurs including voluntourism, overseas travel and RV trips. About 9 percent are still working.

- Contentment and accommodation: Fifteen years or later into retirement, contentment comes from deepened connections with friends and family and greater emphasis on familiar activities (not discovering new ones). Life may be slowing down (energy or physical limitations) and they may be feeling financial constraints.

Dr. Dychtwald's ongoing research and insights are helpful in solving and re-navigating retirement puzzles. We find that successful retirement planning includes the following:

- Retirement is one of the toughest transitions to make other than losing a loved one – a huge shift from saver to spender, and redefining control (e.g. most retirees can't spend more by making more).
- Retirement often involves complicated or tough decisions about multidimensional issues – financial, legal, tax, family, safety, and health, to name a few.
- "It's always something" – life is unpredictable.
- The payoffs for you are huge – Mark Twain said, "Plan for the future because that's where you'll spend the rest of your life."

And it's another reason why I love a great commencement speech. What's my second or fourth career in life going to be, and what do I want my retirement years to look like? Good luck.

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