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The Path to a Successful Retirement: Lessons from the Trailblazers

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The financial "reckoning" we have just gone through has caused many of us to seriously rethink our current lives and future retirements. While many Americans got pretty shaken up over this past decade, most of us are emerging wiser, more disciplined and with a more pragmatic approach to a new kind of retirement.

Discovering the Path to a Happier Retirement

To find out exactly how different groups of retirees are faring in this stage of their lives and to learn what psychological, social and financial factors contribute to their happiness, my firm Age Wave recently joined forces with SunAmerica and Harris Interactive to conduct *The SunAmerica Retirement Re-Set Study*.

In our comprehensive survey of one thousand men and women 55+, we set out to reveal what the different types of retirement experiences are today, and the key factors that lead to a happy and secure retirement.

Meet the Four Faces of Retirement

We discovered that there are four distinct retiree types -- each with its own psychological, lifestyle and financial profile.

The first and most turned-on segment of retirees (20% of the total) we've named the **Ageless Explorers**. For them, retirement is a positive and fulfilling new chapter in life, an opportunity for new experiences, encore careers, and continued personal growth. They gave decades of thought to the retirement lifestyle they desired and planned accordingly. They are the most likely to have developed solid financial plans for managing both their savings and lifetime income and they are highly likely to have taken advantage of professional retirement planning advice along the way. The damage they experienced during the recession feels behind them now. In fact, most report that their financial strength is stronger now than before the economic downturn. In addition, in the *SunAmerica Retirement Re-Set Study*, each segment received a grade for their level of retirement happiness. Ageless Explorers gave themselves an A.

Cautiously Contents (18 percent of all retirees) are living a more traditional version of this phase of life. Less interested in new careers or the potential stress of personal reinvention, for them, retirement is a pleasurable time for relaxation and a life of leisure after decades of hard work. And they're enjoying it! Most of this segment are cautious planners -- and their risk-aversion has surely helped them avoid or weather the recent financial storm. With their proclivity for planning, they are far more likely to have developed a long term plan for saving and investing (75 percent). They are inclined to value professional financial advice to help protect their retirement savings and lifestyle. Most currently find their financial situation to be in good shape. Their retirement happiness grade = B.

The next two segments are doing less well in retirement. While fate, misfortune and back luck have had something to do with their difficult circumstances, the kind of retirement they're experiencing is also a result of their own life choices.

Live for Todays (27 percent) have many ambitions and dreams for their retirement. Unfortunately, because they took too few steps to sufficiently prepare financially for their longer lives, retirement is a time of continual uncertainty and anxiety. While "back in the day" they might have imagined that everything would simply work out, in their maturity they're living through the downstream effects of the absence of responsible planning. Many are forced to work in retirement, not for the satisfaction and stimulation, but because they need money to pay the bills. Unfortunately, today they're living with the bad choices -- or absence of choices -- they made years ago. This segment was very hard hit by the recession, and are now grappling with increasing financial stress and tensions. For their retirement happiness grade, they gave themselves a C.

Worried Strugglers is the largest of the four segments (35 percent). For this group, retirement is a time of considerable anxiety and stress. Often overwhelmed -- and usually struggling, they have little interest in new experiences, staying productive, or even focusing on relationships with friends and family. Mostly they feel worried. They also are the most likely of the segments to have been dealt an unfortunate financial or health blow. To make matters worse, because during their working years they had done so little to plan for what they wanted to do in retirement, their options are now severely limited. It is important to note that it wasn't just a run of bad luck in maturity that impacted these men and women. In fact, they readily admit that they didn't take the best care of their physical or fiscal health when they were younger. They did little saving and investing for retirement -- and spent too little time nourishing their friendship networks. Now they often have to rely on other family members for support. The recession made them significantly more vulnerable and further increased their financial insecurities. Retirement happiness grade = D-.

Lessons from the Trailblazers

By "reverse engineering" the four segments, we can readily see that the type of retirement people have is not just a matter of luck. Ageless Explorers and Cautiously Contents are enjoying their retirement with a high level of happiness and financial security. Live for Todays and Worried Strugglers are having a hard time of it due to misfortune and/or questionable planning. Although some retirees were dealt a bad hand, preparation and self-discipline play a powerful role in

creating a happy and successful retirement. For example, while 72 percent of "Ageless Explorers" had a clear plan for managing their savings and income only 25 percent of the "Worried Strugglers" did. And, while 79 percent of the "Cautiously Contents" made it a practice to avoid high interest debt, only 51 percent of the "Live for Todays" did. Overall, "Ageless Explorers" and "Cautiously Contents" were far more likely to plan, making the right lifestyle and financial moves in their 40s, 50s and 60s to achieve a secure and fulfilling retirement. (For a complete study report, including an in-depth analysis of the four retiree segments, visit <http://retirementreset.com/>)

Five New Rules for the New "Retirement Re-set."

Just as any navigators will take into account the successes and failures of those who have gone before, based on these study findings, we can begin to craft a map of the path to a successful and secure retirement. This journey includes five key ingredients.

First, since hardly anyone can afford a 20+ year, non-working retirement anymore, we should all expect to work a bit longer. That could be a good thing for all of us. Studies consistently show that retired people who stay engaged and productive are happier and healthier, than those who move to the sidelines.

Second, another helpful rule for the new retirement is the importance of financial planning. While living in the "here and now" is a wonderful approach to staying mindful, as a financial strategy it's a disaster. In this era of 401(k)s and volatile markets, help helps: trusted financial advisors can provide valuable assistance to what is no longer a "do-it-yourself" project. And, the earlier one begins this process, the more likely there will be a sustainable outcome.

The third rule is to keep learning and growing. Learn about new ideas, media and technologies, take an interest in the lives and interests of younger people, continually stretch yourself, try new things, and keep growing -- that is what can help bring your retirement years alive.

Fourth, it's time to buckle up and start living within our means. Far too many of us have fantasized a style of life not matched by our ability to pay for it. This new era of increasing longevity and economic restructuring calls for greater financial self-discipline among all of us.

Fifth, try to live the next chapter of your life with "purpose." A great deal has been said about how to live longer (eat your veggies, get a good night's sleep, practice yoga etc.), yet there's been far too little discussion about what to do and who to be in retirement to feel a sense of purpose and happiness. We desperately need a new version of maturity in which older people are not relegated to the trash heap, but rather play a central role as mentors, teachers - elders.

And ... if you'd like to watch/hear my thoughts about the social and political changes our society will need to set in motion to accommodate so many of us living longer, I invite you to watch these two YouTube clips:

<http://www.youtube.com/watch?v=oX-zU9svReI>
<http://www.youtube.com/watch?v=nskLQBow7JI>

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