

# Retirement Lifecycle Management

Retirement is just another of the many transitions that we experience during our life. It is a major transition, but it can be managed in much the same way as we manage other lifecycle changes.

Think back through your life to the key life changes that you have coped with – leaving home to go to college or university, setting up your first apartment, starting your first full-time job, getting married, buying a house, starting a family. All of these events called for careful planning both in terms of time management and in terms of budgeting. They also required a certain amount of “emotional budgeting” – adapting to new circumstances. Retirement is no different; you must plan your time, your budget, and what you want to get out of it emotionally.

A surprising thing for many people who reach retirement age is a feeling of being “lost”. Many people define themselves by what they do. They are doctors, teachers, and business people. Their motivation is intertwined with their job, the company or organization they work for, and the people they work with, who in some cases have become their friends. To lose that personal identification and social structure is not only puzzling, but in some cases depressing. Retirement lifecycle planning is an essential process to obviate the risk of these kinds of feelings.

## RETIREMENT EXPECTATIONS

So, what can you expect out of retirement?

On average, we can expect to live longer than our parents and our grandparents – our health care system and lifestyles contribute to this. Traditionally people have retired at 65 with a life expectancy of 70 to 75 years. Now people may take early retirement (55 to 60) and expect to live 80 plus years. And that improved health care means we can expect to remain active longer also.

For some, this may mean staying in the fulltime workforce longer than our parents. For others a “partial” retirement may include part-time work that fills their need to keep active while supplementing their pension. Or retirement can be a chance to become an entrepreneur and start a new business. Many people find that retirement gives them the opportunity for volunteer work

– a chance to give back to the community. Those with the resources will fill their time with the travel that they never had the time to enjoy during their busy working lives. Others will take the opportunity to reconnect with family – particularly grandchildren.

Also unlike our parents and grandparents, we have probably undergone major career changes and retraining during our working life. Gone is the day when you finish schooling and work for the same company for 35 or 40 years until you receive a gold watch and a pension. Instead many of us will have changed jobs/careers several times and collectively we have had to deal with incredible technological changes that were unfathomable fifty years ago. The career and technological changes that we have weathered make us more adaptable than our ancestors and less likely to be satisfied with a retirement that includes a rocking chair on the porch and Thursday evening bingo.

## **BALANCING LIFESTYLE WITH FINANCIAL SUPPORT**

Your new retirement lifestyle will depend to a large extent on your financial resources. Will you have the ability to pursue your retirement goals? Extended travel to exotic locations can be costly. On the other hand, many people downsize when they reach retirement age thus reducing their costs. That three-bedroom home in downtown can be expensive to maintain both monetarily and time-wise. And with children grown with their own families and their own homes, who needs all that space? Selling the family home can give your capital resources a temporary injection. How you use it depends on what your retirement goals are. Some alternatives include:

- Purchasing an R.V. and exploring North America.
- Relocating to warmer and cheaper climates – Florida, Victoria, Mexico, Southern France, etc.
- Downsizing to a condo apartment.
- Purchasing a recreational property – cottage or chalet.
- Going back to school to pursue new or old interests.
- Funding a new business venture.

Your retirement budget, which you can prepare on our [Retirement Budget Worksheet](#), should include provision for your monthly costs – housing, utilities, car, etc. – and discretionary expenses, which include travel and vacations. Travel/vacations require lump-sum outlays of cash and must be planned for to ensure that you do not run out of money to pay your on-going monthly expenses.

## **SETTING RETIREMENT LIFECYCLE GOALS**

In order to plan your retirement, you need to set specific goals. As a starting point, here are some questions that you might consider:

- How do I feel about abandoning my full-time career?
- How will I cope with the loss of structure in my life that working daily provides?
- What do I really enjoy doing?
- Are there new activities that will challenge me the way my job/career now does?
- What activities are realistic given my financial resources at retirement?
- Is there anything missing from my life now that can be added during retirement?
- How tolerant am I going to be to any major changes – selling the family home, moving geographical locations, etc?
- What family responsibilities need to be continued or added?
- Will my retirement goals and expectations harmonize with my partner's retirement goals and expectations?

The transition into retirement can be as stressful as any other lifecycle change. But retirement can also be a personal journey of discovery, a time when you get to call the shots and not the boss. With careful lifecycle management, retirement can be the most productive and satisfying period of your life journey.