

Retirement Redefined

RETIREMENT REDEFINED WEBINAR RECAP

When we think about retirement, we are conditioned to think that it is a time when work ceases and, therefore, a person's activities slow down. However, the new age of retirement is proving this old fashioned mindset wrong. For our November Webinar "Retirement Redefined," FinDec CEO Michael Lee was joined by Capital Group's Senior Market Research Manager Mike Van Wyk, to take a better look at the new age of retirement. In case you missed the webinar but don't want to miss the insights and takeaways, here's a recap for you:

HOW HAS RETIREMENT CHANGED?

To understand the history of modern American retirement, you need to go back nearly 100 years. The first record of retirement dates was when the U.S. established Social Security under Franklin D. Roosevelt. However, it wasn't until 1985 when retirement "peaked" and became widely accepted in the U.S. At that time, only 10% of people over the age of 65 were still working, compared to 2019, where 20% of people over the age of 65 were still working.

RESEARCH INSIGHTS ON THE RETIREMENT EXPERIENCE

According to research done by Capital Group that studies and surveyed actual participants:

- 50% of retirees would return to work if meaningful work were available
- 55+ is the fastest-growing age segment in the workforce
- 39% of those age 65+ in the working population had previously retired and sought work again
- 70% of people believe retirement doesn't increase happiness

For the modern-day retiree, retirement isn't one-size-fits-all. Common metaphors for modern-day retirement are transformation, milestone, detox and staying the course. Some may use their time in retirement to do something they've always dreamed of doing but never had the flexibility to do so. Others will remain consistent with their lifestyle before and continue on the same path they were on. There is no right or wrong answer to how you wish to live post-retirement, but there are four factors that tend to drive retirement well-being:

- 1. Social** (the social networks around retirees)
- 2. Financial**
- 3. Cultural** (having interest that you are actively pursuing and how those interests lead to interactions with society)
- 4. Health**

It is essential to think of these factors at every stage in your life and how you're investing in them, but it's more about maintaining them during the retirement stage.

NEW MODEL FOR ENGAGEMENT

New retirees are challenging the traditional mindset of retirement and what it should be. They are embracing a new engagement model for retirement. Instead of thinking of retirement as an event, these retirees view it as a journey. Instead of retirement leading them to retreat from society, they've chosen to engage. Instead of allowing retirement to lead to stagnation, they continue to grow. And instead of retirement being one-dimensional, they view it as holistic. These retirees have rewritten everything we once thought about retirement and Capital Group calls it the Four Rites of Redefinition:



Here are four ways people are redefining their retirement and practical examples of how this plays out in the life of a new retiree.

1. Reforming my identity

Here's an example: Scott, age 60, defines his retirement journey as one about humility. After he retired, he and his wife moved to a new city, which allowed him to start over and simplify who he was. He finds that he is far more patient and accepting of himself.

- **Driving force:** Answering the question: Who am I without my obligations?
- **The enemy:** Wasting the rewards of life's experiences
- **Mentality:** Growing bolder, reconsidering the legacy

2. Rewriting my script

Another example: Sally, age 69, talks about how it's important to stay busy in retirement, but there's a fine line between structure and obligation. She wants to keep control of her time while allowing herself different choices and flexibility.

- **Driving force:** Finally having the space to do what I want, when I want and how I want

- **The enemy:** The stereotypical retirement
- **Mentality:** Rejecting cliches of retirement life, searching for structure on their terms

3. Signaling vitality

Frank, age 66, doesn't let age slow him down from staying physically healthy. He notes that biologically and physically, he can do things that other people can't, i.e., run marathons, cycle for long distances. While he is pleased with how he feels, he is worried about ageism and that when recruiters look at his photo, they only see age.

- **Driving force:** Seeking out ways to engage with the world, proving I'm not done yet
- **The enemy:** Irrelevance and invisibility
- **Mentality:** Curious, active, social, striving, joy

4. Rethinking relationships

Karen, age 60, is intentional about the relationships she chooses to cultivate in retirement. She doesn't want her time to be wasted. She takes note of the quality of connection in her life and lets retiring and map out their whole retirement and execute it for the next 20-30 years. However, that's a trap because the new age of retirees is rewriting their script, which would take them in an entirely different direction than what was mapped out for them. Instead, the conversation that needs to occur is about investing, but not necessarily financial investing but in interest, experiences, health, etc.

In retirement, you don't want to hold yourself back from the experiences you want because you're unaware of a sustainable spending limit. Too often than not, **retirees underestimate how much money they can invest in experiences**, causing them to miss out and eventually run out of experiences, not money. Reach out to a financial professional today who can help you understand what you can afford to live off of while still doing everything you want to do. At FinDec, we are always happy to help; reach out today if you have any questions!

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