

Unprepared for the reality of retirement

By [Tom Garcia](#) | 01/06/2016

What will retirement actually “feel” like? Our industry has done a pretty good job in telling us what it will “look” like – how much super we need to maintain a certain lifestyle and how long our savings are likely to last etc – but what about the non-financial aspects of retirement?

What is it like to suddenly have no place to be each day and to be faced with an uncertain future? Or if you have already retired, what does it feel like to have your blissfully independent lifestyle interrupted by a restless spouse who isn't coping with his or her newfound freedom?



One of the more novel concepts discussed at AIST's recent Global Dialogue in Boston – and one that many of the Australian super fund delegates in attendance found particularly interesting – was that of retirement boot camps. A growing trend in the US, these boot camps range from weekend group retreats through to lifestyle coaching sessions. Many are offered by financial advisors but there are also universities and adult educational programs focusing on the emotional – as opposed to financial – aspects of planning for retirement.

The aim is to help those who are contemplating retirement gain a better understanding of what they're actually in for. For some couples, this extends to pre-retirement relationship counselling.

Speaking at the Global Dialogue about the many lifestyle challenges faced by retirees, Katherine Roy, the US-based chief retirement strategist for JP Morgan Asset Management, said moving into retirement was the third most stressful time in a marriage. Less than 50 per cent of couples agreed on the right time to retire and divorce rates were high.

Married or otherwise, retirement is certainly an abstract concept for many people. Most of us find it much easier to focus on the next day and the day after, rather than an uncertain future. And of course, many people are forced to retire unexpectedly, well before anticipated.

Then there is the issue of identity loss, which, according to Roy, is particularly confronting for Americans whose identities are so strongly tied to work.

One of the things taught at retirement boot camps is that there is a lot more to happiness in retirement than saving money.

(Continued below)

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What's 'common sense' got to do with it?

According to Roy, the key to a happy retirement is to understand that it is “experiences” rather than “things” that bring fulfilment. Such experiences include socialising with friends and family, travelling and giving money away – all of which have been shown to give our lives more meaning.

It may sound like common sense, but as Roy says, many people don't give retirement a second thought until it is upon them. By then, it can be too late to embrace travelling or begin socialising with friends who you haven't kept in regular contact with.

Another finding from the research presented at Global Dialogue was that many retirees in the US need to be encouraged to spend more of their savings, particularly in the first active decade of their retirement. Even very affluent retirees are reluctant to spend for fear they will outlive their savings.

This fear of running out of money creates what Roy described as a lifestyle risk – the risk that retirees spend more time worrying about their savings than “living” their retirement. Early findings of soon-to-be-released AIST research into retirement spending suggest that many Australian retirees could fall into this category.

Helping people understand the sorts of things that are likely to make them happy in retirement is arguably just as important as helping them save for retirement.

With the increasing focus on post-retirement, providing services that focus on lifestyle aspects of retirement – as opposed to just the financial – would seem like a natural fit for many Australian super funds.

