

Seven Biggest Misconceptions around Retirement



Capital Partners

Posted 10.08.2020 in Company News

Retirement expert Barry LaValley believes that too many people focus on the money aspects of retirement, and not enough focus on what life after work might look like. Barry has helped us develop the Seven Biggest Misconceptions around Retirement:

1. Retirement is a destination.

Many Australians are clear about what they are retiring *from*, but not clear about what they are retiring

to. They often feel that retirement is this new life phase that is an extended holiday or a 30-year-long weekend. The reality is that retirement is a [transition](#) and it doesn't happen overnight. Time spent understanding what you can expect in retirement is one of the most important investments you can make.

2. Retirement could be the longest single phase of your life.

There are many misconceptions around retirement. People believe retirement is a new life. In fact, you will go through six to eight distinct phases in your retirement, driven by either your health or the health of those you care about (spouse or partner). It is a multi-phase journey and initially ceasing work can cause feelings of anxiety and boredom. This soon gives way to a more purposeful outlook. It's also important to remember that time isn't always your friend – getting older means doing as much as you can while you have the health and fitness to do so.

3. Retirement happiness is directly tied to how much money you have.

In fact, good health is the biggest key to a [successful](#) retirement. Money helps, but happiness in retirement is a function of having a positive outlook, engagement in life, nurturing relationships, life meaning and a sense of accomplishment.

4. Retirement spending will be consistent throughout retirement.

People tend to spend a great deal more in the first few years of retirement before settling into a pattern. As time goes on, spending tends to move more to family and health. Travel patterns tend to move toward less stressful travel and almost no travel in later years.

5. A life full of leisure must be a good thing.

We love our holidays and weekends when we are working, so imagine if that were now your life. Consider the paradox of leisure: we like leisure because it is a break from work. If we had leisure seven days a week for 30 years, where is the break? So being busy doing something, other than leisure, is an important driver of retirement happiness. Working part-time, volunteering and helping others are all worthwhile ways to keep your days full and active.

6. Retirement is a 'couples' issue.

Let's hope this is true, but it also pays to ensure both people in a relationship are aware of the financial aspects as this is a common misconception around retirement. Many couples delegate financial management to the male, and yet the average age that a woman first becomes a widow in Australia (if she is going to be a widow) is 59. Sixty per cent of Australian women aged over 65 are single, widowed or divorced. It pays to make sure you both know where the money is, how it is [managed](#) and who is involved.

7. Retirement is a time to do new things.

It is, but as we age, we have increased difficulty doing new things. Remember that you are who you are and that generally if you didn't do something before retirement, you will be less likely to do it after retirement. Since the retired "you" is no different than the working "you", ask yourself whether you are comfortable doing new things now. If not, you will have to create the [positive strategies](#) to do new things rather than assuming that time is the only variable.

At Capital Partners we believe wealth management is concerned with more than just the money aspects but includes all facets of your life. Plans for a smart money strategy do matter, but so do the other plans you will need to live a long, happy and fulfilling life.



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