

# Seven retirement misconceptions



David Andrew

**T**he idea of retirement is changing over time as social, economic and technology trends alter the way we work and play. For many 50-somethings, the idea of living our parents' retirement isn't all that appealing. Those born after 1955 are more likely to remain engaged in the workforce for longer, often by choice.

Retirement expert Barry LaValley believes that too many people focus on the money aspects of retirement, and not enough attention is given to what life after work might look like.

Barry has helped us develop the seven biggest misconceptions around retirement, which I have outlined below.

**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 retirement is a transition. 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:** 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). 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 are healthy.

**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 sense of accomplishment.

**4. 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 of leisure is a good thing:** We love our holidays and weekends when we are working, so imagine if that were your life. Consider the paradox of leisure: we like it 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 is an important driver of retirement happiness. Working part-time, volunteering and helping others are 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. Many couples delegate financial management to the male, and yet the average age that a woman 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 time to do new things:** It is, but as we age it becomes difficult to do 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?

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