

Retirement Daily

Saving/Investing for Retirement



It's Not About Retiring From Work; It's About Retiring to New Opportunities

By Robert Powell | Jan 16, 2019 7:38 AM EST

Editor's note: Successful financial advisers from around the nation tell us how they get their clients to think about retiring, financially fit, to a life of independence and purpose. Here's Part 1 of 2.

It's been said that it's better to retire *to* something rather than *from* something. Given that, we asked financial advisers to share their thoughts on the subject, tell us how they get their clients to think about "retiring to" something, and what advice they have for Retirement Daily subscribers. Here's what they had to say.

Beth Blecker, Eastern Planning

There is a very common saying: Most people spend more time planning their vacations than their retirement. Unfortunately, this is true. The reason they don't retire to something is they don't really know where they are coming from financially. The biggest thing that must be determined is where you are today and where you want to be when you retire. Sometimes the road is not that long. However, if you do not put together a road map you may never reach your destination. And you may find out that where you want to go is too hard of a road. But with planning, you can put together better alternatives. Planning is the key. The sooner you start, the better.

Thomas O'Connell, International Financial Advisory Group

I agree that most people fail to retire *to* something versus *from* something. Early on in our process we want to understand who the client is, what they want out of retirement or "financial independence", and the legacy they want to leave behind.

From the start of the planning process we help them examine all facets of their life, such as:

1. **Achievements:** Are there things you'd attempt if you had the funding to do so? Are there obstacles holding you back from trying something new? Are you happy with where you are in life right now?
2. **Purpose:** Do you desire to give more of your time and self? Are you comfortable with the causes you support? Are there charitable aspirations you have not yet pursued?
3. **Security:** Would your loved ones be able to maintain their lifestyle if you passed away or became critically ill? Are you comfortable with the market exposure of your portfolio?
4. **Health:** Are you proactively improving your health? What small thing can you commit to today to improve your health, i.e. take a 15 minute walk every day, have a balanced diet, etc.?
5. **Leisure:** Do you have an activity plan? Are there trips you want to take, sights you want to see? Are there people you want to visit or reconnect with?

This is just an example of the deeper dive we do as opposed to just asking the same expense-versus-asset questions (which are important but not everything).

Leonard Raskin, Raskin Global

We work with a lot of pre-retirees. In order to prepare them to retire to something rather than from something, we do an exercise with them to help establish their true life purpose.

In this exercise, we help them:

- Understand that we are all social creatures and that our work is often our current "social place." After work, we still need those people and challenges in our lives.
- Identify the people they have now or want to cultivate relationships with, after work.

- Realize where they want to live and what things they want to accomplish, i.e. the things they always wanted to do but never did. Also, things they're good at or want to get good at. What are their talents and strengths that they can teach or help others accomplish?

All of this is to drive them to find their real life's purpose and that they are not just a "worker." Our goal is to help them know "who I am when I'm not that" anymore. This brings them to a place of much greater retirement satisfaction. Otherwise, as I'm sure you know and why you're writing this, retirement sucks, sickness follows, and death too soon after.

Peter Lynch, CPA

I prepare my clients using my retirement philosophy of:

- Live Your Life
- Enhance Your Life
- Impact Others

During the explanation of each item we diffuse the financial strain/concern of retirement and shift our optics to what each item means to them. This is a budgeting process that forces future thoughts, dreams, and desires from the clients:

Life Your Life is to "do what you do." If you eat out three times week, play golf, travel, etc., the funding for this will all be in this space along with the general items of food, clothing, and shelter.

Enhance Your Life is the add-on for the memory makers, bucket-list items, and special trips and purchases (boat, RV, cruise).

Impact Others is where we discuss the real opportunities that may present themselves in retirement.

From the budgeting side, an example of this is:

The clients have \$2 million of total assets available for retirement. Through our conversation and analysis, we decide they need \$1.3 million to satisfy their "live your life" section, in conjunction with other income sources like Social Security and pensions. The "enhance your life" bucket needs about \$500,000 for all their dream plans and purchases.

That leaves about \$200,000 in the "enhance your life" fund. This is so important. The clients now have permission to utilize this last bucket any way they see fit without any negative effect on their lifestyle and dreams. This can be charitable in nature, part of their gifting program, maybe starting a small business, helping a family in need, and so on. I really feel most people are good (as the song by Luke Bryan says) but they hesitate to give more of their resources for fear they may need it later in life. This process gives them the confidence that they can follow their heart and not their checkbook when the monies have been properly earmarked.

Bill Harris, WH Cornerstone Investments

Work gives us a reason to be get up every day. Most of us are working in some capacity for an organization that has a greater good, helps others, makes things people need or where people count on us. When you stop working, what will compel you to get out of bed each morning? How will you

contribute to society and make a difference? Humans continue to thrive when they have a purpose and are still learning. Without purpose, many retirees begin to decline. When we ask a pre-retiree what they'll do when they retire, and they respond with "golf," it's a good indicator that they are not prepared.

We have a proprietary program called Second-Act Retirement Coaching program. It helps pre-retirees begin to think about retirement today and what they need to prepare for a successful retirement beyond just how much money they have saved. There is a big impact on one's psyche, personal relationships, and time structure. We have various tools and self-assessments that help us guide clients through these discussions. It's pretty powerful. Too many people only think about getting to that "magic line in the sand called retirement," yet, don't think about what comes next. We try to help them be better prepared.

Walter Pardo, Wealth Financial Partners

Moving from working to retirement (or accumulation to distribution) is like moving from high school to college. In the "high school" accumulation phase you depend on your paycheck to pay for your family's lifestyle and taxes.

In retirement (or "college" distribution phase) it's reversed. People in retirement receive income before taxes and many are unfamiliar with managing cash flow and tax mitigation. Wealth Financial Partners educates clients through this transition and manages the order of distribution for minimum taxation.

For clients who are business owners, I've found they understand cash flow and tax mitigation. They actually don't plan to retire, but rather, with their business on autopilot, they want to work with an adviser who understands what they're trying to accomplish and rewrite their schedules to spend more time with their families and give back to their communities.

As for retiring *to* something, the first time I meet with someone my basic question is: "If we're sitting here three years from today and are looking back three years to today, what has happened personally or professionally over those three years for you to be happy?" If the client says nothing, there is no relationship and I end the meeting right there. If they give me an answer, those are the things I have to pay attention to. They are sharing their vision of the future and their fears. Knowing what motivates them creates opportunity. I see my role as managing the transition between the working years and retirement plus helping to get to that three-year vision.

We hold various workshops geared to education beyond financial planning and creating the life you want. We help our clients find their passion, find their place, find their people, and know their purpose but most importantly, find their path.

David Buckwald, Atlas Advisory Group, LLC

We usually ask our pre-retirees a few questions to get them to start thinking about the next chapter of their life such as: Do you have enough money? Do you have a written retirement income plan?

The obvious answer is that most people do not and they just have someone managing their money, which creates all sorts of problems as people underestimate how long they will live, the power of inflation and how that will hurt them financially. And the cost of healthcare and long-term care can have catastrophic consequences to that retirement income plan.

Next question: What are you going to do with all your free time?

This one usually stumps them as most financial advisers do not ask those types of questions and it really makes them think.

And, one of the last questions that nobody ever asks is: How will your relationship change with your spouse?

This always stumps them. Suddenly, two people are on top of each other 24 hours a day, seven days a week, without any passions or hobbies, or even just some alone time. What impact will that have on their relationship?

Other questions are:

- What are your hopes and fears and what keeps you up at night?
- What are you looking forward to and what are you excited about in retirement?

This one they usually like talking about and gets them thinking and excited about the future.

The point of all of this is that the distribution phase is very different from the accumulation phase. It's obviously not all about money, but that's a big part of it. Our firm focuses exclusively on pre-retirees and retirees to help them design written retirement income plans that are in line with their values and goals, so they can live happily ever after and enjoy the retirement they've always envisioned while most other firms focus exclusively on the accumulation phase and just gathering money.

Next week, more advisers weigh in on this topic.

Got questions about money, retirement and/or investments? Email Robert.Powell@TheStreet.com

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