

Retirement

Insights with Barry LaValley

Seven Keys to a Successful Retirement Plan

Prior to a recent retirement planning workshop, I spoke with John and Allison who were attending because they were trying to put the finishing touches on the plans for their upcoming retirement. “I keep hearing about our “number”, John told me. “I hope you will tell us how to calculate the number so we can put our financial plans in place for when we leave work.” In fact, John and Allison’s current retirement plans were entirely focused on their financial situation. They were very specific about the money that they have put aside, how it is invested and what kind of income they needed. Unfortunately, the couple was far less specific when it came to details about the kind of life they expected to lead in their retirement and what an average week might look like.

You can’t calculate your ‘number’ unless you have a clear vision of what you want your retirement to be.

John and Allison’s plan shouldn’t start with the financial plan, nor should yours. Your plan has to begin with a reasonable consideration of how you want to live your life, what kinds of things will be important to you and where you want to spend your time. If you can create a lifestyle plan first, the financial plan is far easier and more realistic to design.

The “number” doesn’t mean much if it isn’t tied directly to your retirement lifestyle plan.

Once you have clarified the vision, your financial advisor can help you develop a realistic financial plan to make it happen.

While there are many ways to structure a retirement plan, here is a suggestion that has worked well for Canadians. If you think of your retirement plans using this framework, it will not only help you develop a long-term strategy but also make your transition into this next phase of life far clearer for you.

Key one: Visualize your ideal retirement lifestyle

As you look forward to your retirement life, what kinds of things will be important to you? Many of the people who I talk to at our retirement workshops think of retirement as a series of leisure activities strung together over a long period of time it is almost like they are planning for a thirty-year long weekend!

While your future will be no doubt be full of exciting and meaningful activities, the fact is that you are still “living your life”. What does an average week look like for you? What kinds of things will you value in this next phase of life, and what would you consider to be ‘fulfilling’ activities for you?

Also, what things may change over time as you move through the various stages of your retirement?

You don’t need to write a fifty-page retirement planning manual to prepare for the future, but you should look at retirement as a lifestyle transition rather than a ‘new’ life. If your retirement means that you now have more freedom, a reasonable question to ask yourself is how you can use that freedom to live the kind of life you really want?

My suggestion is that you think about the first five years of your retirement life first and then create some longer-term vision beyond that. Don’t forget that things may change over time as the result of changes in health, circumstance or your own attitudes. The vision has to be fluid and flexible!

Once you have developed your blueprint for the first five years, you can then turn your attention to the major areas of your retirement life.

Key two: Take a close look at your health and your plans for healthy aging. While this may seem obvious, a lot of people think of physical health without much thought to mental health. In retirement, it will be likely be your mental health that influences your physical well - being.

Retirement is all about attitude. Successful retirees believe they can control certain elements of their life, are committed to living each and every day to the fullest and continue to challenge themselves to do new things, go new places and practice life-long learning.

The more optimistic and positive you are mentally in retirement, the more likely you will be to pay attention to your physical health. After all, if retirement life is going to be this good you might as well try to stay around for a long time!

Key three: Take a positive attitude towards 'work'. For many retirees, work is a welcome break from leisure. It is one of those positive stressors that can energize you and keep you connected to your community. Work can also give you life meaning and remind you that you are still active and involved.

Work doesn't even have to be for pay. Many Canadians turn to volunteering as a way to give back or to "self-actualize".

The bottom line is that you want to use work as a positive contributor to your retirement life, using your time, energy and experience to benefit your community and yourself. Remember that old adage: "If you love what you do, you never have to work again!"

Key four: Create and nurture meaningful relationships. In this next phase of life, much of your retirement happiness will come from the quality of the personal relationships you enjoy. This will include your family, close personal friends and your social network.

Consider the relationships that will be important to you and make sure that you continue to nurture and support them. Also, you want to find ways to add to your social network so that people who can add to the quality of your retirement life surround you.

Key five: Take a balanced approach to leisure. Most retirement plans are really "leisure" plans. One of the exciting things about retirement is that you can do the kind of things that really give you pleasure and life enjoyment.

Successful retirees recognize that the more balance they have in their leisure activities, the more they will enjoy each thing they do. For example, golf or travel *every day* may sound like an ideal way to spend your time but will too much golf or travel actually take away from your enjoyment of each activity?

Key six: Make sure that your home always meets your needs. You want your retirement home to be a source of comfort for you and not a source of stress. There may come a time when you don't want to shovel snow or spend time cleaning a big home. Remember too that a three-floor condo with lots of stairs may sound ok today but may prove to be impractical somewhere down the line.

Once you have considered these six keys to your retirement strategy, you can focus on key seven: Use your financial resources to make your retirement plans happen. I call this *financial comfort* and it is the goal of any good financial plan for retirement. Financial comfort simply means that you never have to worry about your money and that you have a plan in place to make it work for you in retirement.

Retirement planning starts with gaining a clear understanding of your life goals, challenges, opportunities and threats. Once you have explored those issues, you can then wrap your financial plan around them. The life plan drives the financial plan, not the opposite. Before you work with your financial advisor, you want to ensure that you have considered the kind of life that you would like to lead in retirement, what might change over time and what life issues need to be planned for.