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RETIREMENT: IT WON'T LOOK LIKE YOUR PARENTS'

Retirement planning often focuses on the need to save for retirement, how to save, how to stretch out your retirement dollars. All worthy subjects. But what exactly are you retiring to? What will your retirement look like? What is your personal vision for retirement? Merely stop working? Travel? Golf? Whatever your vision, it will have financial consequences, which is why many financial planners say it's important not only to save for retirement, but to know what kind of retirement you're saving for.

One thing is almost certain: Your retirement won't look like your parents' retirement. Some of the changes are already well known. Tomorrow's retirees will need to depend more on their own savings to fund retirement. Comfortable company pensions will be fewer, and retirees won't be able to depend as much on Social Security. Future retirees also will live longer than their parents in retirement. Years ago, a person retired at 65 and was dead within a few years. A man retiring today at age 65 can expect to live at least another 15.9 years longer, while the life expectancy of a man retiring in 2020 will be 17.6 years, according to the U.S. Census Bureau. A woman 65 today can expect to live another 19.5 years, and 20.6 years by 2020. On top of that, many workers retire before age 65, meaning even more years in retirement.

What's less well understood about this increased longevity is its implications for retirement. It's not just the fact that you have to find the money to pay for those additional years. It's how you want to live those years. When jobs were more physical and retirement was brief, the rocking chair probably looked pretty good. But many people don't want to spend 20 or more years sitting in a rocking chair. How will they fill those hours? Hobbies? More travel? Return to school? Volunteer work?

Take hobbies, for example. A person wrapped up in their work may not have cultivated hobbies or outside interests

during their working years. They retire at 65. Now what do they do? They may find that taking up a hobby suddenly at retirement doesn't stick, and they become bored. One piece of advice some retirement experts make is to "practice" at retirement. Start doing some of the things you think you might like to do when you're no longer employed, whether it's gardening, volunteer work or writing.

Here's another implication of longevity. People often plan to leave money to their children upon their death. But what happens when people live to be 85, 90, even to 100? Their children may well be retired by the time they inherit. Parents may want to consider more giving during their lifetime, at a time when their children may be more in need of the money and the parents can enjoy watching the benefits of their gifts. It also gives you a chance to see how well they financially handle your gifts.

Employment is another changing aspect of retirement. Retirement in the future may no longer be a matter of quitting work cold turkey at a particular age. Retirees may want to start their retirement years by cutting back gradually on work. For some, this will be a financial necessity. But for others it may be an emotional and intellectual necessity. They find work an enjoyable, creative, life-affirming endeavor. This may mean changing careers, perhaps a less well-paying one they couldn't afford to pursue when they were younger. Or they may volunteer their time and expertise. As a consequence, retirement may be less a single abrupt event, than a transition into a new stage of life.



The Social Security system is accelerating this changing view of work by pushing back the retirement age at which one can collect full benefits, and by the new Congressional law that Social Security benefits for people who reach their full retirement age won't be reduced because they decide to continue to work.

Besides living longer, tomorrow's retirees will be healthier. Again, this has dramatic implications for one's vision of retirement. Healthy retirees are more active, more apt to travel, and better able to continue to work if they wish.

Tomorrow's retirees thus need to think about not just the financial aspects of retirement, but about the meaning and quality of their retirement years. Retirement for them will no longer merely be the absence of work. It will be a whole new stage of life.

This column is produced by the San Diego Chapter of the Financial Planning Association. We can be a continued resource for your personal finance coverage. If you use this column in whole or part, please credit the chapter or one of

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Web site design
by
InkDrop Media
Group
jalguire@inkdrop.com

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The Financial Planning Association of San
Diego
info@fpasandiego.org