



Retiring Minds

After decades of saving for their golden years, the first wave of boomers are hitting retirement age. So now what?

BY KRIS FRIESWICK

On the first day of the school year, newly retired first-grade teacher Karen Harris was washing dishes in her Alexandria, Virginia, home when she suddenly burst into tears. Harris, 56, and her husband, Paul, had spent years

planning for, and happily anticipating, retirement. But, on the day her "golden years" began, Harris realized that for the first time in 33 years she wasn't welcoming fearful 6-year-olds to her classroom. "I found myself thinking, 'I feel so aim-

less, like I have nothing,'" Harris recalls.

Many retirees can relate. Despite all the financial preparation that goes into retirement, retirees may not adequately prepare for daily life beyond the daily grind. That leaves many with time on

their hands and no idea how to spend it. That lack of direction can hurt spousal relationships and feelings of self-worth and can ruin the retirement that took so long to save up for. Of course, it doesn't have to be that way. Experts say that just as retirement requires a financial plan, it also requires a plan for a new lifestyle. And with the first wave of baby boomers turning 60 this year, they say now is the time for millions of Americans to start asking this

question: Just what will you do when you don't do anything for a living?

Moving From Financial Planning to Life Planning

Among the things new or soon-to-be retirees have to consider: Will they travel or stay put? Will they live in the same house, downsize, or move to an entirely new area? Will they seek out new social networks? Will they continue to work or volunteer?

Will they devote time to hobbies — and, which ones? And, clearly, a retiree's financial position will determine the answer to many of these questions. Knowing what's coming, making a plan to handle it, and knowing you can afford it is critical to easing concerns about entering this phase of life, experts say.

But even when the finances are in place, some retirees have trouble shifting from an accumulation lifestyle (in which they save money) to a distribution lifestyle (in which they spend it). After decades of being told not to count on Social Security, watching companies scale back health insurance, seeing pension plans disappear, and worrying that they might outlive their money, today's boomers are especially loath to open the till they spent so long stuffing. "The hardest behavioral change with our clients is to instill in them the idea that it's OK to spend money," says Terry Sawchuk, who, with Bill Langenstein, owns and runs the Michigan Senior Society, a retirement advisory firm in Troy, Michigan. Sawchuk and Langenstein say that with a well-balanced portfolio, people should be able to take out between 4 percent and 5 percent of their net retirement savings each year and still keep the principal intact, perhaps even growing the asset base. "But there's so much fear and anxiety," Langenstein says. "They're not sure they can afford it." Sawchuk and Langenstein try to ease their clients into the concept by creating what Langenstein calls "money in their mailbox" — a plan of systematic withdrawals from the retirement account that go straight into the client's checking account.

Retirement or Reirement?

Of course, not all boomers will have established a big enough asset base to live off of. A recent study by MetLife Mature Market Institute, David DeLong & Associates, and Zogby International showed that half of those age 55 to 70 had less than \$250,000 in total household assets. "You don't have to be a mathematician to realize that even with Social Security, you're going to buzz through that in a few years," says David DeLong, president of David DeLong & Associates and a research fellow at the MIT AgeLab. Indeed, 78 percent of people age 55 to 60 are still in the workforce, and 72 percent of them are there because of economic necessity.

But even if boomers do have enough

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in the bank, they may not want to stop working for good. After all, no generation's identity has been so connected with career as this one. "The baby boomers created a whole different paradigm when it comes to identifying with their work," Langenstein says. "They're very creative."

Many of today's new retirees can't image it either. They dread the loss of power and prestige. They fear not feeling important, useful, respected, and talented. They miss being part

of something that they helped build. Careers for many boomers aren't just a way to earn money; they are a form of self-expression.

When Joseph A. Centore retired as CEO of a credit union in Lowell, Massachusetts, in 1998 at the age of 58, he had a difficult transition from top dog to retiree. "It was very difficult to step down from my job," says Centore, now 66, who lives in Florida with his wife, Mae. "It was a great part of my life. For a few years, I'll

tell you honestly, I questioned whether I made the right decision. I liked putting around the yard, but you can only do so much of that."

Career coach Randy Siegel says his clients have the same issues as Centore. So he pushes them to find work after they retire. That might be part-time work, or maybe even full-time work on contract. The important part, Siegel says, is that the retirees focus on the kind of work they love to do and reinvent themselves at this stage of their lives. He's dubbed the process "reirement."

That's clearly something many of today's retirees are interested in, even if they can afford not to work. Nearly three-quarters of those age 66 to 70 who are still in the workforce say a desire to stay active and engaged is the reason they're still working, according to the MetLife study. "We don't really even have the right language to describe retirement anymore," DeLong says. "How can you be retired and working at the same time? It really throws a light on this whole question of what does retirement mean?"

A New Challenge to Domestic Bliss

New retirees are also finding themselves looking for new meaning in relationships with their spouse. The cliché used to be that a newly retired husband would start getting on his stay-at-home wife's nerves. But in the boomer generation, odds are high that the wife had a career, too. So, today, couples may be retiring together. Often that leaves two people stuck in the same house who don't know what to do with themselves. "Many couples have to decide that they won't have lunch together, which sort of frees up the whole day for each person to do what they want," says Christine Fahlund, a senior financial planner for T. Rowe Price in Baltimore, Maryland. "It's like, 'Honey, I love you, but not all the time.'"

Jack Beauregard, who works with retiring baby boomers at InnerVisions Associates in Cambridge, Massachusetts, says that couples can avoid conflicts by being aware, in advance, of how their days will play out during retirement, and getting out of each other's way, if necessary. He advises couples to first create a strategic plan for what they want to do in retirement. "The second step is to create an operational plan which describes in detail how they are going to achieve the life that they want," Beauregard says. Couples need to answer "why, what, which, when, and how implementation questions" to establish mutual goals and



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a detailed to-do list and timeline for life in retirement.

Part of getting along with a spouse in retirement is maintaining social networks outside the home. Problem is, many social networks are formed in the workplace. Tim Alban, 63, of Lake Orion, Michigan, says the only thing he has missed since his 2004 retirement from his vice president’s job at Lear Corporation in Detroit is “the people that I worked with. It’s a good old boys network that you get used to after working in the same place for 16 years.”

That’s why many retirement experts encourage retirees to focus on finding new friends. “Make it a point of getting to know people of many interests, of many different ages, and of many different levels — from intimate to formal relationships,” says David Demko, PhD, author of *Live Well Now: Dr. David Demko’s Anti-Aging Plan to “Youth’n” Your Life*. “This support network can provide a variety of opportunities for socialization.”

The New Bottom Line

Retirement experts report that many new retirees are choosing to “retire” with an entire portfolio of activities. They volunteer, have hobbies, travel, and even work. The key to taking all that work, experts advise, is for retirees to know what they’re in for before they’re in it. “We push clients to visualize a whole day of retirement, from waking to sleep,” says Ellen Weiss of Leonetti & Associates Inc., a financial advisory firm in Buffalo Grove, Illinois. “That dream house on the fancy golf course may lose some of its luster when you visualize golf balls plinking on the roof.” ☺

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