

Retirement: What You Should Know and Financial Comfort Won't Settle

By Greg Friedman

Wednesday, January 25, 2018

People are living longer these days but often without a plan for achieving personal fulfillment in the 2nd half of life (50+). Winston Churchill is quoted as saying that: **We make a living by what we get. We make a life by what we give.** This comment tends to be the focus of a post-work life that achieves satisfaction.

The Encyclopedia of Aging states that retirement has multiple meanings ranging from:

1. references to economic and societal status that help to manage the size of the labor force
2. to the recognition of a new and substantial stage of adult life
3. to personal transition in life role.

The oldest of these meanings typically meant a forced separation from work which would be accompanied by loss of income, loss of majority of one's relations, loss of structure for daily life, loss of purpose, and diminishment of self-esteem, and an unwanted harbinger of mortality and the end of life. No wonder that the day of retirement was dreaded and was thought of so negatively by workers.

The second meaning conferred a new social status most akin to what we mean by "pensioner" where there are new tasks of adult life and need for self-care but also some possibilities for new forms or amounts of leisure.

The third meaning is the current view where there are not only opportunities for extensive leisure activities, but also for changes of life focus, for pursuit of endeavors that involve meaning, and for self-enhancement and personal growth.

To be clear, we co-mingle concepts relating to retirement and to aging well. These are separate in that you can retire at age 40 and not face later life tasks or you can work full time at 75 and avoid some challenges of change and search for meaning. But, since most people think of 65 to 70 as the time to retire, these two areas of interest generally coincide.

And, retirement might take the form of a single event of full-time work to full-time leisure or a series of transitions referred to as Partial Retirement that stretches out the full withdrawal from work life. More assets and better health tend to predict full retirement while fewer assets and poorer health predict partial retirement. Generally, we already understand all of these, but it is useful to bear in mind when talking about retirement that there is more to it than just having enough money to survive the end of work.

Now, one of the most powerful of human traits is the ability to imagine. With it, we create novels and movies, skyscrapers, and even laws to govern behavior, as an alternative to tests of strength. **Imagining** the future is of course precisely what is involved in retirement planning.

Generally speaking, people prefer certainty over surprise (since the definition of anxiety is excessive vigilance to what *might* happen) though novelty is also important. In addition, imagining the future can be pleasurable in itself (how often do we find that the “hype” about the game or the movie is not equaled by the experience). So, it is advisable to consider retirement in advance of its “go live” date. The “usual suspects” in decision making about retiring are financial knowledge, wealth, health status, employment layoff, and spousal work status.

Yet, the the essential skills of later life and retirement success include reflective capacity, mature expression of emotion, and seeking connection with others. These skills deserve a larger place in retirement consideration, as we will see.

For a bit of historical background, the concept of retirement was formalized in Germany at the end of the 1880’s. Government policies regarding the benefits of retiring from work **created** the expectation and goal of the cessation of work. Economic policy favored drawing older workers out of the labor force by replacing part of their income and thus making room for younger workers in the industrial state. The Social Security Act of 1935 gave the US its first state-sponsored access to post-retirement income for most workers (certainly in recognition of the privations caused by the Depression but also by the need to open positions for younger workers). And more corporations adopted pensions to maintain worker loyalty and orderly transition of the workforce. The recognition of age 65 as the appropriate retirement point was apparently an adoption of an already popular choice and not one determined by research findings.

In the US, before 1950, retired workers relied mainly on personal and family resources - as pensions were not prevalent. Nevertheless, men remaining fully active in the workforce by age 65 declined from 67% in 1890 to 54% in 1930. By 1950, that number was 46% and by 2003, it was 19% including part-time work.

Retirement **before age 65** has also increased over time and the rates of retirement by women have grown but are harder to see because so many more women joined the workforce. Interestingly, the trend reversed a bit beginning in 2000 probably due to extended health of workers and economic pressures (Data from The Encyclopedia of Aging).

Before these retirement policies and pension plans, low wages and short life expectancy meant that work continued until significant illness, injury or death. So, the end point of the adult work role was the end of life itself. Before 1800, life expectancy around the world where records were kept was from 26 to 40 years. Now, “normal” retirement age varies among countries with formal provisions for benefits from age 55 to age 68, though these may shift upwards with increases in life expectancy and changes in the size of the labor pool. **Now**, post-work life is usually positively anticipated for its leisure and self-enhancing opportunities; a shift from the gold watch and loss of purpose that was so often portrayed.

Typically, exploration of retirement involves attention to financial status and likely pension income; and now more centrally: mental, physical, and relational activity. Compulsory retirement has dropped dramatically since the 1960’s and age discrimination laws have protected many workers from such policies. Thus, the decision to retire is generally discretionary and more positively viewed as a time for leisure and self-development before becoming frail or infirm. The

major factor most often addressed in the media is the need to replace 65 to 85% of pre-retirement earnings to maintain standard of living. After that, health status is a concern as 20% to 30% of all retirements involve ill health or disability as the primary reason (Ency. Of Aging).

Do you need another reason to consider **planning** for retirement? A large insurance company survey of seniors found that **28%** reported that their lives were **worse** in retirement!

Now, I would like to consider some of the additional factors that recent research has led us to understand.

Dr. George Vaillant has been leading a long-standing longitudinal study originally of Harvard students but later including additional groups of men and women from diverse segments of society. He emphasizes the key point for all of us: that life **after** work is **expanding**. There is no longer the expectation of 5 or 10 years of post-work decline, but rather 20 to 30 years that we hope will be vigorous, enjoyable, and meaningful with these defined specifically referring to different realms.

For Vaillant, the central factor to aging well is **social aptitude**, not intellect, wealth, or social class. Recently, in a current issue of AARP magazine, Vaillant's successor, Dr. Robert Waldinger stated the same finding: that the best predictor of future **health** is not cholesterol levels but the quality of your relationships. Of course, many researchers and psychologists have said the same thing: that as we age, connections with others, including extended family, become more important. **To age well, we need to be relational.**

This is probably true of work as well; success often comes with good interpersonal connections; and work or parenting are often the largest source of our everyday relationships as well as contributing to the feeling that you matter and have purpose. How do we maintain relations when these work or parenting efforts are reduced? And this can be especially true for those feeling "forced" to retire. How to be relational when the familiar venues are gone? Longitudinal research covering the transition from work to retirement has found that the **most** dissatisfaction with retirement happens when retirement occurs **unexpectedly, when it coincides with a negative life event or illness, or when existing personal problems and maladaptive personality traits persist**. The greatest satisfaction is achieved not only with better health and financial circumstances but **also a stronger social network and adaptive personality**.

Consistently, sociological models of retirement adjustment focus on social resources contributing to subjective well-being. These resources include social network and marital status, marital quality, spousal work status and degree of post-work community activity. But relationships are not only key to retirement satisfaction, they also play a big role in the planning for and the decision to retire. **Exploring** ideas about retirement generally enhances the clarity of goals and follow through on them. Again, we see how relational quality comes to the forefront in thinking about retirement. And research confirms that thinking and talking with others about retirement, gathering information from a variety of sources, and anticipatory rehearsal of the new role **enhance** subsequent adaptation.

Now you may ask, what are components of being relational, how do you mean this? Vaillant's quick answer: humor, altruism, and creative activity. The more of these you find, or develop, or express typically the more successfully relational you can be. As my colleague Dr. Tammy Sher noted, "Good relationships make us happy. Period" She noted that people happiest in retirement were those that replaced "work-mates" with "play-mates;" but also that relationships are difficult and require effort throughout life. There is some important psychology behind this truth.

Components of "good relationships" include:

1. **openness,**
2. **trust,**
3. **inclusiveness, and**
4. **intimacy.**

These in turn require a certain degree of personal risk. And **taking risks that pay off** is at the core of **happiness**. How can good relations be developed or encouraged?

Marriages tend to adjust in changed circumstances, so being open to new relational dynamics is important. And researchers have found that marital discord as a product of retirement is less common than previously supposed. With retirement, many changes in role, in time available, in interests, and even in finances take place. And our self-image may change. Was your career or pre-retirement role more stressful or more rewarding? Retirement might represent a new emotional status either way. Were you forced to retire by your health, spousal health, or other reasons? This fact is likely to impact the transition to retirement.

Some researchers found that the primary problem with retirement was that people felt they no longer **mattered**; that others no longer depended on you. How do we maintain a sense of purpose and feel useful which are so important? **Can you adjust and make the best of the new life by reflecting on your experience and engaging with others?** Many thinkers have considered the core elements in having a happy life and these were summarized by Dan Buettner as attending to **Pleasure, Purpose, and Pride** (from the Bluezone of Happiness). Specifically, how do we attend to these?

George Vaillant, Erik Erikson, and others have written about life stages or more correctly, life **tasks**. We all hear about the adolescent phase of developing an identity. But there are key later life tasks that are often overlooked. These include:

the idea of **Generativity** (as Churchill was referencing)

a broader focus on support for justice and preservation of values – social, spiritual, and family - that Vaillant terms, **Keeper of the Meaning,**

and lastly, something a bit more ambiguous called **Integrity** of the self.

Generativity involves establishing and guiding the next generation in productive directions; leaving a legacy of knowledge and empowerment that makes the world larger, not smaller. It includes consulting, mentoring, guiding and generally building others to a higher level. (Avoiding childlike self-indulgence and demandingness). Andrew Carnegie, for example, was

said to have been one of the richest Americans ever by acquiring vast resources but later gave away at least 90% of his fortune and encouraged other wealthy of the time to do the same (Wikipedia). While this example focuses on the material aspect, when you look at what Carnegie supported, the diversity of the support and the emphasis on creating **access** to knowledge, you can see the humanistic side of the giving as well.

Integrity involves a review of the self, an acceptance of the good and bad of life (the inevitable triumphs and disappointments of being), and finding a place for oneself in the long flow of life (and sense a connection with all of those who have contributed before). The focus of this last task of adult development is **wisdom**; which I see as one great advantage that the older have over the younger in our youth obsessed culture. With the achievement of Integrity, one does not fear death but shows others how to live a full life, despite whatever decline in body and mind might be present. (The achievement of this very broad identity can help to reduce despair which can be expressed as criticism, contempt, or disgust).

Vaillant notes that these life tasks are not “a footrace or a moral imperative”. Rather these are a roadmap for us to rely on, especially when life becomes difficult. To avoid being overwhelmed by decline and loss, Vaillant wrote that we must “grow beyond ourselves.”

But what about preceding retirement? Are there factors that favor successful post-work life? Of course, we all know some of these but here is Vaillant’s list from recording the outcomes of people studied over decades.

1. Stable marriage or high quality relationship
2. Mature, adaptive life style, with the capacity to handle emotional crises (finally something good coming from maturity)
3. Little or no smoking
4. Little alcohol (sorry about that)
5. Regular exercise
6. Maintenance of normal weight

Obviously, these include a significant focus on physical health, which we should probably expect. The good news is that having at least 3 of these bodes well for the future and if you can get to 4 or more, the odds of a happy later life are even greater. If you don’t mind a comment from the “nanny state,” the worst predictive factor was smoking followed by excessive alcohol use.

Now, in terms of planning for pleasure and for purpose in post-work life what must be considered beyond the financial planning that makes the news almost every day?

1. How will inevitable medical issues be dealt with?
2. There is often a substantial disconnect between expectations and reality with the most obvious one being health and the cost of health care (reported by Nationwide Ins.) but the issue of **purpose** is more important than is recognized pre-retirement.

3. And then, a former basketball coach was asked about retirement and responded: the trouble with retirement is that you never get a day off. How will the buildup of routine be handled? How many cruises can you take?

Can you enhance the personality traits most associated with retirement satisfaction which include:

- **Planfulness,**
- **Perseverance,**
- **Responsiveness,**
- **Agreeableness,** and
- **Comfort with life's uncertainties?**

The shift in mode of life operations can be profound. In retirement, and despite golf or tennis, **emotionally** one shifts from **activity** to greater **passivity** which includes the potential for unfamiliar levels of **dependency**. Generally, we anticipate having more time available for **leisure**, though in fact leisure plays an important role throughout life. After work, we anticipate more of it. What is it? Technically, **leisure** is non-obligatory or discretionary time. But the key issue is that it can be opportunity for self-affirmation, relating with others, and meaning enhancing activity. The efforts don't have to be physically active; the Encyclopedia of Aging states that the arena of leisure creates opportunities for increases in feelings of well-being, self-esteem, increased morale, and alternative concepts of self where "meanings are created, personal agency expressed, and relationships built or maintained." And, we learn more and more that health maintenance and forestalling mental and physical decline are enhanced through substantial leisure activity.

Lastly, my favorite one-liner about retirement is: ***Don't Buy It 'til You Try It.***

Whatever your retirement plans are, practice them for a considerable time before to see if they really fit your life needs.

References include:

Buettner, Dan. Bluezone of Happiness. 2017

Encyclopedia of Aging. 2nd ed. 2006

Erikson, Erik. Identity and the Life Cycle. 1980

Vaillant, George. The Wisdom of the Ego. 1997

Aging Well. 2003

Triumphs of Experience. 2015