

BY MITCH ANTHONY

Six common myths stand in the way of a fulfilling retirement for your clients.

The New Retirement mentality

“How dull it is to pause, to make an end, to rust unburnished, not to shine in use! As though to breathe were life.”

— Alfred, Lord Tennyson

On a recent plane ride, a businessman in his late 70s told me the following: “Let me tell you why I don’t buy into the American dream of leisure-class retirement living. Every year I go to Florida to visit my affluent peers who have been long retired. Here’s the drill they go through every day. They get together and have breakfast and converse through the morning. About 11 a.m. or so, they start checking their watches because at 11:30 a.m. they can have their first cocktail. After a couple of drinks, it’s on to lunch. After lunch it’s on to someone’s boat and more cocktails. Then it is home for a nap, a new round of cocktails, and dinner. When I bring up the subject of productive

work, they all talk about how great it is not to have to go to work anymore.

On my way home, I sat and thought to myself how grateful I am to have meaningful work at this stage of my life. I am so happy that my phone is still ringing. I feel like I’m still adding value and when it rings I feel energized.”

Whose vision of retirement is most indicative of the future of retirement? The affluent leisure class, or the businessman whose phone is still ringing in his late 70s? My guess is the vision of retirement where the phone is ringing will replace the vision of a 20-year cocktail party. Granted, not all retirements are soaking in libation and boredom, but the retirement focused on nothing but leisure pursuits is losing its allure with a new generation approaching retirement. In this article, I want to discuss the evolution of retirement and why it will never return to its former state.

The institution of retirement was an

industrial-age invention whose time, for the majority, is running out.

The myths that perpetuate traditional retirement in our society are quickly eroding.

Financial professionals need to abandon old assumptions and offer clients the opportunity to define the retirement lifestyle they desire.

A BRIEF HISTORY OF RETIREMENT

Retirement, as we understand it today, did not exist in pre-industrial America. In those days, older members of society weren’t sent to the sidelines. They actually held a more prominent place as a resource for their insight, knowledge of skills and crafts, and lessons gained from experience. It was the industrialization era that cre-

ated the conditions that gave us retirement. Industrialization ushered in a profound redefinition of work. Mass production became the popular mode of work, and workers began to be viewed as parts in the system, subject to wear and replaceable.

The industrial age first redefined work and then redefined the span of that work. Workers who were doing physically exhausting work that they did not particularly enjoy were quick to buy into this idea of retirement.

The watershed moment came in 1935, in the deepest, darkest depths of the Great Depression. Social conditions had reached an explosive point because of the unemployment of one-fourth of the labor force. Franklin D. Roosevelt and the New Dealers were in a precarious and potentially disastrous situation with masses of angry young men demonstrating in the streets. Roosevelt had already seen

where these situations could lead by the examples set in Germany and Italy. The New Dealers’ plan to get young people working again was to offer a public pension so the older men would retire. And thus was born the Social Security Act.

One of the major issues that Roosevelt had to settle was the age that one could receive Social Security. The only precedent that existed at the time was the one developed in Germany in 1875 by Chancellor Otto Von Bismarck, who had originally pegged the age of 70, citing a Biblical reference to “threescore and 10 years.” Bismarck lowered the age to 65 when he was informed that few people lived to be 70. And what was the average life expectancy in 1875? All of 46 years! Bismarck’s original retirement marker allowed workers just enough time to pick out a gravestone — if they should be lucky enough to live that long.

Based on the original standard developed by Bismarck, and factoring in our modern life expectancy of 83 years, the retirement age today would be set at 102.

FDR and the New Dealers, following Bismarck’s example of 60 years previous, also adopted the age of 65 in 1935.

Realizing later that the average life expectancy at the time for the American worker was 63 years, the age of eligibility was quickly backed down

to 62 years of age. Retirement, at the wholesale level, was designed to be a one-year bridge from the loading dock to the grave.

A conclusion one could make is that retirement was never intended to remove people with strong productivity potential out of the workplace. Our view is skewed on this issue, however, as a result of the difference in the constitution of a 65-year-old today and that of a 65-year-old in 1935.

Retirement was invented in an age when physical labor was the norm and when a 62-year-old felt and was “old” because of prolonged physical strain. Today we primarily trade “intellectual capital” and experience, and we are quite likely in our prime at the age of 62.

Yet the traditional model of retirement is still touted in our society as if nothing has changed. Here are six of what I call “The Great Retire-Myths” that continue to influence our culture, although they no longer apply to modern retirements:

- The age of 65 is old.
- Being retired means you no longer work.
- You have to be 62 to do what you really want to do.
- Retirement is exclusively an economic event.
- A life of ease is the ultimate retirement goal.



- And a more recent myth: I can do this (retirement planning) by myself.

**MYTH #1
 SIXTY-FIVE IS OLD**

“How old would you be if you didn’t know how old you were?”

—Satchel Paige

Old isn’t what it used to be! When the age for retirement was set, most people didn’t even live until retirement age. Now we live 20 to 30 years past the retirement age. The age of 65 in this day and age has little resemblance to the age of 65 in, say, 1970. Most people are not “old” at 65 today. They may or may not have slowed down. A renowned expert in gerontological studies informed me that the physical composition and health at the cellular level of today’s 65-year-old is almost identical to a 45-year-old in 1975.

Thirty years ago you didn’t see many men in their 70s jumping out of airplanes or flying in outer space as our generation has seen. The behavior of such super-septuagenarians may well serve as portents of the active lifestyles in seniors of the future. A 66-year-old man recently lamented to me after a speech on this topic, “I can’t even get a senior discount at my favorite ski resort anymore because there are so many people my age filling the lifts. You now have to be 80 to get the senior discount!” Look for this trend to continue.

How old, then, is old? It seems that the answer to that question is as individual as the person answering it. We know that the marker for old is no longer 65. A recent survey by the AARP revealed that most seniors feel that the marker for old is now at 78 years.

**MYTH #2
 RETIREMENT MEANS YOU’RE
 NOT WORKING**

The retirement of the future will no longer be a cold-turkey abstinence from work. In a 1998 study of baby boomers and retirement by Roper Starch, 85 percent of baby boomers stated that they wanted to “die with their boots on.” They want to wear out, not rust out. No, they may not want the same hours or megalomaniac boss, but they like and want work to some degree. They want to do what they want to do as much or as little as they choose to do it. Work makes them feel relevant, needed and connected. They have observed the retirements of a generation before them and know what they want and don’t want. They have heard the retired lawyer who now heads condo-association warfare meetings who said, “I went from being in ‘Who’s Who?’ to ‘Who’s He?’”

In the retirement of the future, you will decide how much you want to work, where you want to work, and when you want to work. Some will work because they want to and others because they need to. Those who work because they need to may find that it is a blessing in disguise that helps to ward off boredom, loss of mental acuity, aimlessness, and endless reruns of “Wheel of Fortune.”

Many corporations are looking at adopting phased retirement programs where they can stem the “brain drain” of valuable and experienced employees exiting while negotiating lower cost consulting arrangements that do not include benefits.

This will mean working part-time for some and entering and exiting the job market as they wish for others. The two extremes of the old retirement model — all work or no work — are simply relics

of the past. We need to explore the manifold possibilities for work at any age.

**MYTH #3
 YOU HAVE TO BE 62 TO DO WHAT
 YOU WANT TO DO**

“Most men have jobs that are too small for their spirits.”

—Studs Terkel

“It’s never too late to be what you might have been.”

—Anonymous

Millions of people are sacrificing the present in hopes of following their heart at 62. Too many Americans go to work each day and leave their hearts in the glove compartment as they park their cars and head to their cubicles. Many who want to pursue a passion or dust off an old dream see retirement at 62 as their only hope. Many desire freedom from the drudgery of draining and stressful toils and long to move to the avocational pursuits they had previously entertained only in their daydreams. The financial services industry today, for the sake of burned-out clients, desperately needs to explore approaches that help clients integrate their assets and income with their passions and life — and not wait until they are 62.

Is our life about making money, or is our money about making a life? A tacit but pervasive theme in our society is that we should always choose the path with the biggest bucks and squelch all internal objections to this approach. Consequently, many people put their soul’s work on the back burner while they travel a career path with the most money. Why? So they can someday have enough money (hopefully at retirement) to do what they really wanted to do in the first place.

This flawed philosophy of putting first things second in our career and life

is the reason why so many today are motivated to retire. They have chosen to mortgage their time in order to make enough money to someday use their time and money to make a life. By using the innovative approaches of financial life-planning, you can help clients make the transition into what they want with their life at any age. All your clients have to decide is what they want to be when they grow up.

MYTH #4 **RETIREMENT IS AN ECONOMIC EVENT**

When we speak of retirement preparation, what do we mean? We think of financial preparation, of course. As one retired executive put it, “What do you want me to do now? Sit around and hug my bank account all day?” We have been conditioned to think of retirement planning through a material lens, ignoring all the other aspects of necessary preparation such as domestic, social, intellectual and the optimal utilization of time.

Ask the spouses of recent retirees whether or not they wish they had paid a little more attention to a more holistic retirement preparation. This reminds me of the woman who said to her recently retired and restless husband, “I married you for better or for worse, but not for lunch. Now, get out of the house!” My mother-in-law made her retiring husband sign a “pre-retirement agreement”— sort of a pre-nup meets retirement. Her take on the situation? “I’ve been the CEO of this home for over 35 years. I don’t need any help now on organizing the closets.”

I have created an exercise called “The Ideal Week in Retirement” for the purpose of assisting financial advisors help retirees figure out what they will do with their time — a true precursor

to what they will do with their money. It is common for someone to say, “I’m going to golf every day.” OK, then, fill in your tee times. Now, what are you going to do with the rest of that time? *This is retirement planning.*

The idea that retirement is simply an economic cliff for which we must have a parachute ready at age 62 has been the primary motivational message the industry has offered for the last 40 years. The problem is that many people are preparing a golden nest egg that will be placed in a dying tree. The nest egg is their retirement savings and the dying tree is their retirement life. Retirement is a life event, not an economic event. We need to develop a more holistic approach that integrates an individual’s aspirations, life stage, familial responsibilities, health issues and concerns about money.

In the wheel of life, money is but one spoke. It’s not the wheel and it’s not the hub. People today want to talk to advisors who can engage in dialogues beyond, “How much do you have?” and “How much will you need?”

MYTH #5 **A LIFE OF EASE IS THE ULTIMATE RETIREMENT GOAL**

“If all I have is holiday and sport, then soon my holiday and sport become toil.”

— William Shakespeare

According to modern research, a life of total ease is one step away from a life of disease. The reason so many retirees are ill at ease is because without the contrast and paradox of

meaningful labor and pursuits, leisure loses its meaning. As one recent retiree at the golf course informed me, “Without work, golf has become my work. I get a triple bogey on the first hole and it ruins my day.”

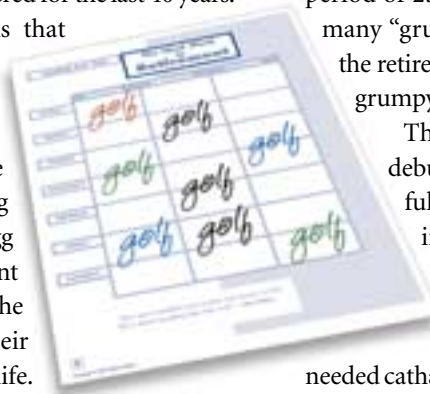
First, you become bored and then you become boring. While fishing and golfing may be great fun, this recreation makes a poor full-time occupation for a period of 25 years. There are far too many “grumpy old men” roaming the retirement landscape. They are grumpy because they are bored.

The New Retirementality debunks the myth of fulfilling full-time leisure as pictured in the retirement brochures. Many of us find meaning and purpose in our work and a

needed catharsis in our leisure. It’s difficult to enjoy the one without the other. It is a necessary paradox in our lives. This is the reason that over one-third of male retirees go back to some form of work within one year of retirement, and over two-thirds of them take full-time jobs. They would die if they didn’t. There *is* a way to a balanced approach to retirement planning that can provide both fun and fulfillment.

The age-worn and outdated model of life is based on bingeing. We binge on education in the first phase of life until many of us are so tired of “learning” that we replace it with entertainment. We binge on work in the second phase of life until we never want to work again and then try to fill the void that is left upon retirement with a life of bingeing on leisure in the final phase of life. Then we find that the leisure binge leaves us wanting.

A more enlightened approach to life seeks to integrate a balance of learning, work and leisure into our everyday living instead of trading one binge for another.



Isn't it time to start designing our lives along these lines? Many retirees are saying, "Yes!" as university towns become popular destinations for the 60-plus crowd. The majority of retirees are discovering the ameliorating aspects of work (paid and unpaid), such as adding social value and challenging their intellectual faculties.

MYTH # 6
I CAN DO THIS BY MYSELF

The proliferation of the self-directed 401(k) and the advent of online trading have led many people to believe that they don't need any help in planning their financial future. The market correction did much to dispel this myth, but there is still work to be done. Going this alone I believe is akin to saying, "Because I can buy my own vitamins and pills, I don't need a doctor." Are you buying the

right vitamins and pills for your situation? When is the last time you had a check-up? Or would you rather not have one and believe you're not at risk? When it comes to dealing with the health of our wealth, many people fall into easy denial. The self-care phenomenon in healthcare is a good thing — as long as we do not begin believing that we know all that we need to know. Just as there is a time and a place for a health expert, there is also a time and a place in our lives for a wealth expert, advisor or money coach.

The financial planner who is in touch with this changing idea about retirement can begin to take a new tact by initiating a discussion that is not based on rusted-out, industrial-age ideals. The most important facet in the retirement discussion today is what it will take to make each individual feel fulfilled and useful.

We are facing a new world where

"retired" means anything but. The time has come for financial professionals to begin engaging in a new retirement dialogue. This dialogue doesn't begin and end with the kind of paycheck you want in retirement, but the kind of life you want. The old discussion around retirement was about dying rich; the new discussion is about living rich. For some 70-something clients, living rich means that the telephone is still ringing. **IR**



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