

Chapter 20

TAKE CHARGE OF YOUR RETIREMENT

20

TAKE CHARGE OF YOUR RETIREMENT

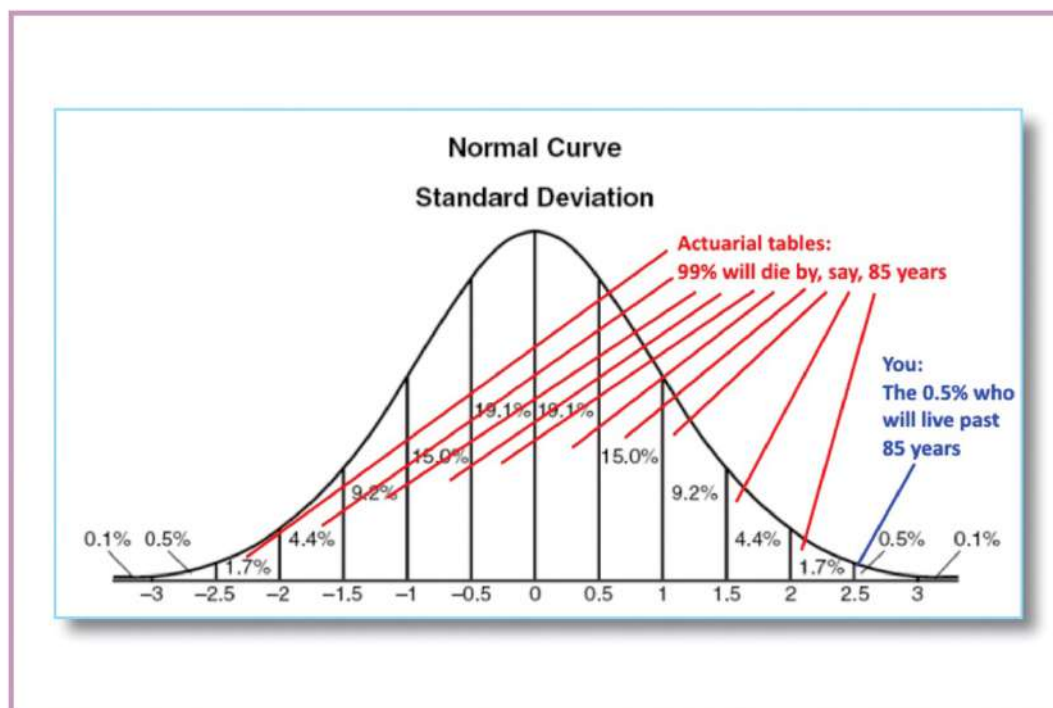
The 3 Retirement Attitudes to adopt**1 - Assume you will Work Longer**

You could have age 50, 55, 60, or 65 as the mandatory retirement age, but whatever it is, it should NOT be necessarily the date of extraction from the workforce.

The pursuit and extension of work in your 60's and even 70's will not be without challenges though. Maintaining relevance and up-to-speed aptitude in the modern workplace is important to keep up to pace with your younger colleague.

2. Assume you will Live Longer

How long should you plan on living? You don't have a say. It is also almost futile to know by looking at actuarial tables. You, however, should be adopting this way - Subjective Life Expectancy (SLE), a model where you take into account your age-related actuarial probabilities of life expectancy and also consider other factors such as parents'/grandparents' longevity, lifestyle, and health & medical advancement which may make potentially deadly illness curable. In other words, we know ourselves better than anyone else. Your guess is as good as any actuarial experts. You don't want to fall into the normal distribution of the mortality statistics!



Now after estimating your SLE, you can work backward from that number about both your financial and life satisfaction needs and begin to plot out your retirement path. SLE allows you to design your time frame for how you will transition through retirement, as well as how you will plan the distribution of your finances through the various stages, which described as GO-GO, SLOW-GO, and NO-GO.

SLE is a significant predictor of the intended retirement age, even after controlling for important demographics factors such as gender, age, income, education, health, marital status.

- Retirees who expect to have high SLE are likely to contemplate a long retirement period with lots of opportunities with activities, and consequently will sense the need to be engaged in paid work for a longer period to be able to pay for the retirement that they envision
- Retirees who expect to have low SLE would be inclined to avoid considering negative information about the financial risks of too-early-retirement and would opt to focus instead on activities like leisure and family togetherness.

In summary, it is entirely up to you to estimate, and you are in charge of your destinies more than you think.

3. Assume there will be Improvisational Challenges

Because it takes time to adjust both psychologically and financially to full retirement, bridges, or transitions in and out of work have become more common.

Chances are, if you attempt full retirement, you won't get it right the first time. It can take a few attempts to discover the exact balance of the Vocation & Vacation we are searching for. It also takes time to find the proper balance between spending and saving. More time in play equals more spent and less earned.

Allow yourself a practice run or two to find the balance you need. Like mentioned, it is no longer necessary to think of retirement as a cliff to jump from (which is why people want parachutes) but as an uncharted road where you will need to tread carefully and map out what you like and don't like. There will be bridges in and out of employment, volunteer work, etc.

Consequently, modern retirement is a bit like an improvisational stage of life where you will be deciding to go in and out of work and other interests based on how you feel at the time and how well balanced your current lifestyle feels to you.

Along the journey, you will find many that have blazed the trail ahead of you saying "it is more about attitude than anything else". The outlook you should adopt are:

- I will be a driver and not a passenger. I will be responsible for my well-being, financially and otherwise
- I will respond instead of despond. I am going to make the most of the situation I am in. If I need to go back to work, I am going to look for work that has social and intellectual benefits.
- I will thrive, not just survive. With all the wisdom and experience I have gathered, I know what matters and what doesn't. I will apply wisdom and direct my efforts in the most meaningful ways possible.