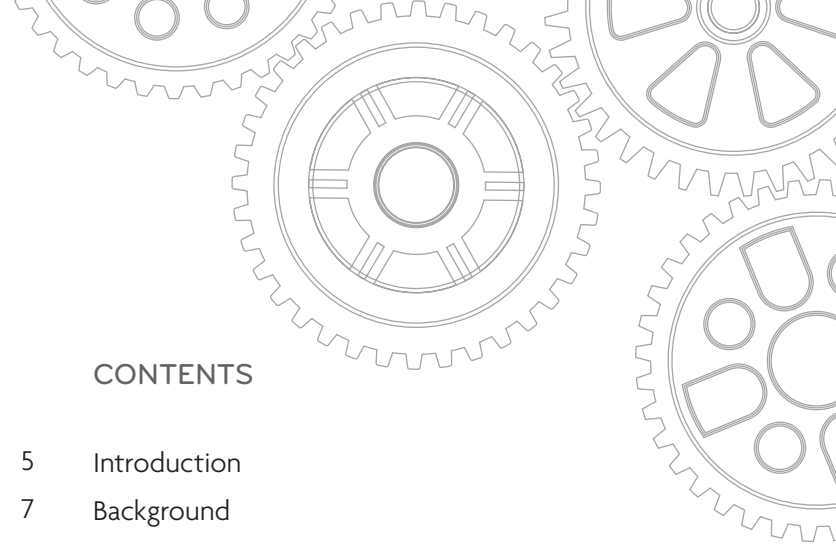


THE FOUR PHASES OF RETIREMENT:

What To Expect When You're Retiring

By Riley E. Moynes





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“Everyone says you’ve got to get ready financially. No, no. You’ve got to get ready psychologically.”

LEE IACocca

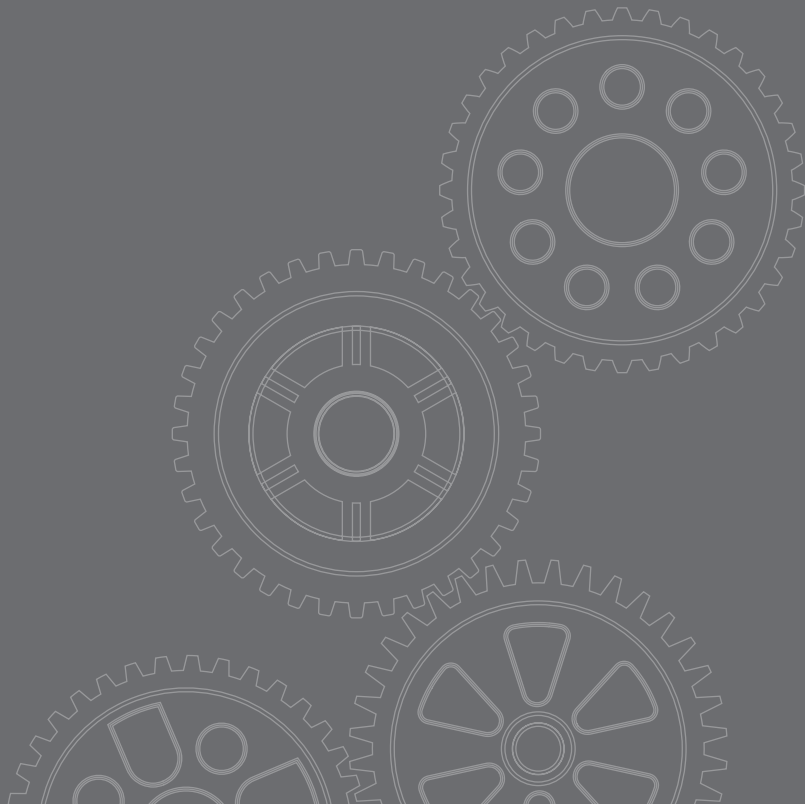
INTRODUCTION

This is a book about retirement, but one written from a different perspective than usual. Normally, books on the topic emphasize the mechanical aspects of it all. They include projections of how much money you need to amass before retirement and how much you can then safely spend each year in retirement based on the returns generated by your investment. Or they emphasize tax considerations. Or they discuss having the right amount of insurance to cover any number of disasters. Or they urge you to have your will, powers of attorney, and estate plans firmly in place. And of course, all these items are important. But in these pages, I’m assuming you’re receiving good advice from a range of professionals who assist you in these important decisions. Another assumption built in is that you’re in fairly good health. With relative financial and physical health, retirement looks very different than it does if you’re struggling on both these fronts.

So, I’m with Lee Iacocca in emphasizing the importance of getting ready psychologically for retirement; that’s the focus you’ll find here.



In the time it will take you to read this book, about 1,200 people will retire—it's like a retirement landslide!



BACKGROUND

The first Baby Boomers began to retire a few years ago in 2011. Those folks are part of the huge cohort born in North America between 1946 and 1965*, which has had and will continue to have a major impact on our economy and social life. They now range in age from 50 to 69, and represent 27% of the Canadian population. Boomers over 65 now represent 16% of the population (double their proportion in 1971). Today, only 18% of Boomers have reached age 65; the peak won't be reached for another 10 years. By then, over 20% of the population will be of retirement age, and by the mid-2030s, it'll be closer to 25%. There's a pretty good chance that if you're reading this book, you're part of the Baby Boom generation.

In Canada, the number of new retirees jumped from 170,000 annually five years ago to 250,000 now. In five more years, the number will rise to 400,000 annually. In North America over 10,000 people retire every day—that's about 1,200 people retiring every hour of an 8-hour working day. So in the time it takes you to read this book, about 1,200 people will retire—it's like a retirement landslide!

Life expectancy has also changed significantly over the last 50 years. In 1950, the average life expectancy was 68. At that time, we could look forward to about three years of retirement, so it wasn't surprising that a lot of folks sat in their rocking chairs, just waiting out their time. By the year 2000, the average life expectancy had risen to 76, creating an average retirement of 11 years. In 2010, life expectancy was 81—about 16 years of retirement.

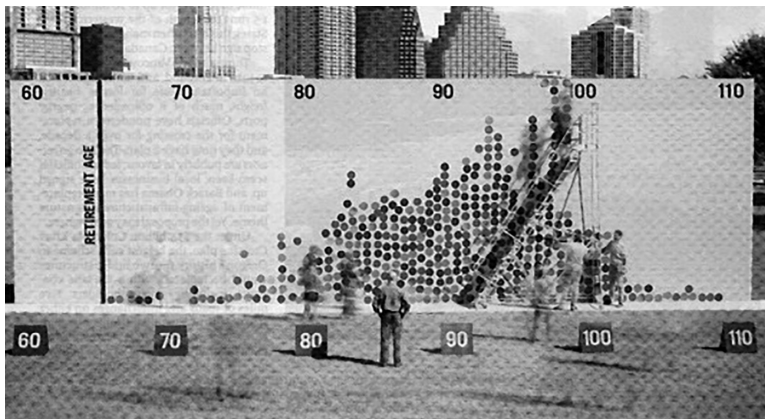
*that's Statistics Canada's definition; the U.S. says they were born between 1946 and 1964.

By 2015, the average life expectancy in Canada was 82 (79 in the U.S.), so it's clearly lengthening.

The fastest growing age group in North America right now is those aged 60 to 64. The second-fastest growing group is the over-100s; there are currently about 6,000 of them in Canada, and the number is growing rapidly. In late 2015, it was announced that for the first time ever, there were more Canadians over 65 than there were under age 14.

You may have seen a Prudential Insurance promotion where they visited a typical American city and set up a huge wall in a park. On the left side of the wall was a line representing the typical retirement age of 65. Then they asked 400 people to take a magnetic disk about the size of a Frisbee, and to place it on the wall in a spot representing the age of the oldest living person they knew.

Proof we need to plan for a longer retirement.



Notice how many of the discs have been placed right of the number representing 80 years old (our approximate average life expectancy)? Notice how many are in the 80s and the 90s, and look how many are over 100. Clearly, we're an aging society, we're living longer than ever before in history, and that trend is going to continue. In fact, many who read this book can expect to spend 30 years or more (upwards of a third of their lives) in retirement.

What I want to share with you in these pages are some of the things you can expect as you move into retirement, and how you can make the most productive, most meaningful use of the years you have ahead of you.