RETIRING?

Your Next Chapter Is About

Much More Than Money

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ABOUT THE AUTHORS

Edward "Ted" Kaufman, a 1960 Duke graduate, and Bruce Hiland, a 1961 Brown graduate, were classmates at Wharton where they received their MBAs in 1966. They then travelled very separate paths.

Ted joined DuPont Corporation, where he held several marketing, engineering, and finance positions. Then, in 1973, he joined the staff of Delaware's newly elected senator, Joseph R. Biden, for whom he worked for twenty-two years, nineteen of those as Biden's chief of staff. In 1985, age fifty-five, he left Biden's staff and started teaching at Duke's Law School, Sanford School of Public Policy, and Fuqua Graduate School of Business. Concurrently he worked as a management consultant, served on the Broadcasting Board of Governors, and worked on Senator Biden's senate and presidential campaigns. His retirement hit a snag in 2008, when Ruth Ann Minner, Delaware's governor, appointed Ted to fill Senator Biden's senate seat after Biden became vice president. In the Senate, Ted served on the Foreign Relations, Armed Services, Judiciary, and Budget committees. He authored the Pre-election Transition Act of 2010. And, with Senator Sherrod Brown (D-OH), he sponsored the Brown Kaufman SAFE Banking Act of 2010. As well, with Senator Pat Leahy (D-VT) and Senator Charles Grassley (R-IA), he sponsored the Fraud Enforcement and Recovery Act.

After leaving Senate, Ted chaired the Congressional Oversight Panel on the Troubled Asset Recovery Program (TARP), taught at Duke Law School's Duke Law in DC Program, wrote a column in the *Wilmington News Journal*, co-chaired Delaware's STEM council, and served on a number of boards. He served on the Securities and Exchange Commission's Equity Market Structure Advisory

Committee and on the boards of the Institute for International Education, the National Democratic Institute, and the Partnership for Public Service's Center for Presidential Transition. He continued to serve as senior adviser to Vice President Biden. In 2015 he became chair of the Biden Foundation.

Born in 1939, Kaufman wrote a column for the *News Journal*, was an informal adviser to the Biden for President campaign, and continues to serve on several boards. He and his wife, Lynne, have celebrated more than their sixty years together. They join the Hilands in Florida each January and February, and they have an apartment in a retirement community in Delaware.

After Wharton, Bruce went into management consulting. His McKinsey & Co. experience shaped the rest of his career as an independent consultant. He enjoyed long-term relationships working alongside CEOs helping improve their top management team performance and updating corporate strategies and practices. Major clients included the New York Stock Exchange, Time Inc., JC Penny, and FMC. In the mid-eighties, he took a break from consulting and spent five years as Chief Administrative Officer of Time Inc. supporting decentralisation and strategic rationalisation. In 1988, he returned to consulting to help the New York Stock Exchange's chairman strengthen his management team and plan his succession. For the next ten years he divided his time between New York and Vermont, helping the NYSE deal with the managerial impact of new technology and, in Vermont, supporting start-ups and working with and in local government. At age sixty-three, he left the corporate world and New York to concentrate on Vermont and family. In 2017, age seventy-seven, he stepped back from most of his community activities and obligations. Today Bruce and Ginny, his wife for more

than sixty years, divide their time between Vermont and Florida, enjoying their delightful family, dealing with the challenges of ageing, and harvesting the fruits of their labour.

Hiland and Kaufman reunited in 2014, wintering at Vero Beach, Florida. After long talks about their and their colleagues' experiences organising their retirement, they decided to write a book to help others plan for and enjoy their retirement years.

ABOUT THE EDITOR: STEVE LEWIS

Steve Lewis calls himself a *Second Lifer* – not because he retired or stopped working, but because he made a conscious decision to create a second chapter while the first was still thriving.

Like many of his generation, Steve went straight from school into work. He built a successful financial services career, rising from junior insurance clerk to director of a major retirement business, while also establishing a retirement consultancy along the way.

He enjoyed the work and achieved more than he had imagined, but one question remained: "What's next?" Every career has a horizon.

Steve often says to clients: "There is one thing I can guarantee. One day you will leave this employer. So, the real question is: how do you want that to happen?" Rather than wait, he prepared early, returning to university in his 50s to study coaching and behavioural change and build a new professional identity.

Still passionate about 'retirement', Steve shifted from its financial aspects to what he considers the more challenging questions: How will you make the move, and what will you do next? He developed *'Horizon Thinking'*, a practical coaching process that helps people look beyond immediate decisions and plan future life chapters.

Today, Steve helps both individuals and organisations to build thriving work and prepare for what comes next. While many spend years preparing financially for retirement, fewer prepare psychologically, socially and personally.

Steve knows what it feels like to build a successful first life. Now he helps others design their second.

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FOREWORD

Why this book? We both had satisfying careers working alongside accomplished professionals, officials, executives, and entrepreneurs and we're fortunate today to be enjoying happy, fulfilling retirements. Four years ago, we were comparing experiences and discovered how many friends, acquaintances and former colleagues were *unhappy* in their retirements. As we shared observations and anecdotes, we were surprised at the problems many of them experienced. They didn't seem to be financial problems; instead, it appeared that their unhappiness stemmed from other issues.

We explored further and discovered that while they had all done the financial planning for a materially secure retirement, they had paid scant, if any, attention to the major life changes that come with retirement. Intrigued by this, we listened to and talked with dozens of retirees about their experiences moving from their careers into the terra incognita of retirement. They all agreed financial planning was a prerequisite but also agreed – many emphatically – that realizing a successful retirement requires equal if not more attention to non-financial issues.

As we reflected on what we'd learned, two messages came through loud and clear:

first, retirement has changed enormously in the last few decades: its duration, the circumstances giving rise to it and decisions the individual has to make;

second, most were unprepared for the profound personal and life changes retirement brings. Addressing these non-financial issues

seemed to hold the key to a satisfying and fulfilling retirement but only financial matters had gotten the necessary attention.

We were curious about what was going on and we both agreed we wanted to try to help. And then Ted said, "You know, we ought to write a book." So, we did.

We've put together a concise and, we hope, practical guide for the individual approaching retirement or perhaps the recent retiree now confronting the challenges we describe. We recognise our perspective is shaped by the scope of our careers and our retired lives and, importantly, by our age and gender. We'll readily acknowledge that, try as we might, we can't fully appreciate how different a woman's experience may be nor how someone 20 years younger than us may see their choices and the challenges.

We do hope to help you by framing the important questions and pointing in helpful directions. We certainly don't present ourselves as authorities. Indeed, you are the authority for creating your retirement.

A NOTE FROM THE UK EDITOR

I was introduced to this book by a friend and financial adviser that I greatly respect, Ben Walter. We were having a cup of tea, when he told me about a book he had bought for all his clients.

As a retirement coach, I am always looking for books and resources I can recommend. Of course, I went out and read the book myself. I was so impressed that I emailed the authors to see if they would do an interview with me to share with my clients.

We had a really insightful conversation for a good hour and a half. You can read the interview on our website:
www.retirementpractice.co.uk.

I learned that no matter what community you're from, no matter what social sector you're from, the process of stepping away from work is not an easy one. The future is so unknown that people need to be prepared before they make such a major life change, and at the end of the conversation, I rather flippantly asked, "have you thought about a UK edition for this?" Whilst the book's themes are universal, the references and resources in the original were US-based. And there began the process of developing the UK edition.

This edition stays true to the lived experience of the authors, so some of the stories have a US flavour. However, the spellings, terminology, references and resources have been adapted to make the book more accessible and useful to a UK audience. I hope you find it as insightful as my clients and I have.

Steve Lewis,
The Retirement Practice.

I. WHAT'S THE PROBLEM?

"It is better to live rich than to die rich."

Samuel Johnson

- For too many people approaching retirement, only financial planning has gotten the necessary attention. Whether they've overlooked, ignored or avoided the *non-financial* challenges, they risk being unprepared for the profound personal and life changes that retirement brings. A few real-life examples make the point:

- A financial-services executive had been retired for a year. She had done little preparation other than financial planning and was repeatedly waking in the middle of the night worrying, "What am I going to do? What can I do? This is a disaster! Maybe I should go back to work."

- A public sector employee said: "My best friends for years have been the people I worked with every day. Once I retired, I found we didn't have much to talk about beyond business. After several lunches without the business issues to talk about we drifted apart."

- At a cocktail party a recently retired hospital CEO complained ceaselessly about his first six months in retirement. He was bored. He had nothing to do. His complaints went on and on.

- A corporate executive who'd retired at sixty-five planned on spending his days playing golf and cards with the guys at the golf club. At age seventy he developed several physical problems that inhibited his golf game. He could still play but knew his game was deteriorating and he was no longer competitive with his friends. He decided to give up the game.

How does this happen? People approaching retirement tend to get their financial planning done for several reasons: the benefits are obvious, so much help is readily available, and the financial advice industry invests heavily in marketing. As well, hundreds of books, workshops, and seminars are available. Why haven't these same smart, successful people paid serious attention to the other dimensions of retirement?

Perhaps because most approaching retirement have practically no real-world experience with what people actually *do* after they retire not to mention how their lives change. Their parents' retirement experience is outdated for several reasons we'll explore. They know little about how retirees actually live day-to-day or what issues they face other than the general fact of ageing. They don't have much to go on.

As they approach retirement, they may still be so consumed by their job that they have little time or energy to really think about it. Often their most intense, demanding work years are the three to five years leading up to retirement leaving little time, space or energy to contemplate retirement's realities.

According to one prominent financial adviser and seconded by an experienced psychotherapist, *denial* is a more likely explanation. Denial is that unconscious psychological defence mechanism people have for avoiding a problem or issue. Why would otherwise thoughtful, prudent individuals not address these important non-financial issues? Because paying attention to fears, feelings, and relationships can be uncomfortable. And planning what is truly the next chapter of your life without a roadmap can seem daunting. Coming to grips with the specifics of retired life and the uncertainties of growing older is

challenging, stressful, even a bit scary. Bottom line: many otherwise prudent and capable individuals avoid coming to grips with the non-financial issues altogether.

Despite all these factors we were surprised by how eager people were to talk about the problems they'd experienced and the insights they'd gained. We concluded that, for complex reasons, people rationalise *not* addressing those non-financial issues, but recognise they *should*. Further, they encouraged us to take on the challenge of writing this book. One said, "It's really important you're doing that. That stuff is every bit as important as the money side, maybe more so." Another said, "Wow, what you guys are doing is really, really needed. I want copies to give to some friends and relatives as soon as it's printed."

That framed the question: what might be the most effective way to help people approaching retirement deal with these important non-financial decisions? It's not a trivial task – they'll need to examine their habits and behaviours and think deeply about personal values, relationships, and life goals.

What's the best way to help with these essential tasks? Obviously, every individual's retirement will be unique. That rules out an "instruction manual" approach. Everyone has distinct interests, needs, expectations and limitations. That eliminates a formulaic approach. However, a number of *successfully* retired people described dealing with retirement as a "journey". They talked about their retired life as a "new adventure." Aha! That framed the answer: something akin to travel – so we've approached this book as a guidebook, a guide to help you plan the next chapter of your life. We've written this book to help you think through an extraordinarily important journey: finding and enjoying a satisfying, meaningful life when you retire.

When you organise an important trip, you have lots of questions: where to go, when to go, how to travel, where to stay, what to see, what to skip, etc. Each traveller answers those questions differently based on their own resources, expectations, and preferences. For *your* journey into and through your next chapter we will pose questions, help with some context and offer suggestions and resources. But, for your journey to be a success it is entirely up to you to shape your answers and capture your preferences, priorities, and expectations.

We've made two assumptions about you.

- First, we've assumed your goal is to make the next chapter of your life satisfying, enjoyable and meaningful. This goal deserves the same clear thinking and hard work you applied in your career and to important life decisions. To reach your goal you will need to address a broad range of issues to develop a plan that will yield you the freedom and purpose you've earned.
- Second, we've assumed you've done your financial planning or, at a minimum, have it well underway. Just as the starting point for a trip is determining what you can afford, it's essential you understand your financial resources as you work out your answers. If not, get to work on that task immediately.

Our experiences and research make a compelling argument that proper attention now can help you make your retirement years the best years of your life.

Planning the next chapter of your life is no small task. If you were planning a major trip, you might start your planning a couple of years ahead. Given how important thoughtful planning is for your retirement, a case can be made for three to five years of preparation.

Realistically, however, those years may be the busiest of your working life, so let's agree you should start this work at least a year – or better, two years – before your expected retirement date. Even if your retirement is closer at hand, or if you've already retired and are wrestling with the challenges we will be describing, we're confident this guidebook can help you improve your next chapter's quality of life.

A few caveats before we start. Doing this work is not something you can do quickly. You certainly can't just sit down at your desk and work through start to finish. The process we will describe is fluid, nonlinear, and exploratory which means that once you get to work you'll find yourself moving back and forth. As you deal with a particular idea or come up with useful information you may find that idea or information could change or something you've considered earlier. A notebook or your smartphone's Notes app should be a constant companion. Thoughts and questions will pop-up and you'll want to capture them as they occur. When you happen upon interesting ideas and would like to know more, get in the habit of looking things up online.

Here's how we'll move ahead. We start by describing the changes that accompany retirement. They are probably much more significant than you expect. Then we move to the questions you'll need to answer. The big questions include: "When to retire?" "What will I do?" and "Where will I/we live?" Then we will ask you to think about how you will care for your body, your brain, your heart, and your soul or, said differently, your physical, intellectual, emotional, and spiritual wellbeing.

You'll find there are very few quick answers. Some questions will be comfortable and others less so. Each merits your best thinking. While you may feel comfortable dealing with some issues on your own, we – and *everyone* we've talked to – believe that input from others is critical, starting with your partner. (We will use "partner" throughout the book to refer to your spouse, partner, or significant other.) At the outset, give some careful thought as to how best include your partner, close family members, and close friends. It will help to explain clearly that you're systematically and carefully considering the consequences of your retirement. This should help avoid misunderstandings and facilitate their participation. If you have friends and acquaintances already retired, or retiring at more or less the same time, talking with them will be useful. (You could give them a copy of this book!) If you can talk with people who retired some time ago, you may find they faced similar challenges and opportunities; their guidance can really help as well. Remember, there's neither a need to nor reward for reinventing the wheel.

Our guidebook approach recognises that although others have trod similar paths, your retirement experience – like your vacation trip – will be yours alone. Your answers will be entirely personal as they must be to shape a plan that works for you. Consequently, we avoid prescriptive advice wherever we can and instead offer suggestions and relay others' relevant experiences. As well, there is an abundance of accessible literature on virtually every subject you'll consider. We have provided reference material and other useful resources in the appendices at the end of this book.

If you're ready to work, let's go. If not, you might consider lending this book to someone you know who is ready to use it.

II. RETIREMENT HAS CHANGED: WHAT TO EXPECT

Over the past few decades, retirement has fundamentally changed, so much so that when we started writing this book, we searched hard for another word to use. Retirement as a word and concept still carries historical baggage, conjuring up a cartoon image: the gold watch presented for "your long and loyal service". Then off to the golf course for ten years. Then gone. Today that version of retirement is inaccurate and – worse – irrelevant. Retirement today begins the next chapter of your life.

The retirement landscape has changed dramatically. Consider:

- Defined contribution pensions have largely displaced guaranteed-income or final salary schemes, unless you still work in the UK public sector.
- When you retire now tends to be an individual choice rather than a policy based on your age. Indeed, in the UK most employers are simply not allowed to 'ask you to retire'. It could be classed as age discrimination.
- People are living longer. Medical advances and increased attention to physical fitness have lengthened how long you'll be retired. The *average* sixty-five year old man in the UK has a life expectancy of nearly 19 years. For an *average* woman of the same age its nearly 21 years.[II-1] Those with better education and above-average income tend to live even longer. This means that if you retire between fifty-five and sixty-five your next chapter may last more than thirty years.