

The Four Phases of Retirement

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The psychological challenge of retirement

As portfolio managers and investment advisors, we spend a lot of time preparing you for retirement financially. This includes having an up to date will, power of attorney, and a holistic financial plan that provides visibility into sources of income in retirement while ensuring your investment portfolio is allocated properly. These planning items are vitally important and an area of expertise within our team. However, much less time and energy are focused on getting ready for retirement psychologically. The attached Ted Talk from Dr. Riley Moynes stood out to us as it delves into the much harder to quantify realm of “what does retirement mean to you?”

According to Statistics Canada, the life expectancy for a 65-year-old male is 20 years and 22 years for a female. As such, you will very likely live $\frac{1}{4}$ of your life in retirement. How do you spend that time productively and meaningfully? How do you make the most of retirement and find meaning and importance from your activities? Dr. Moynes identified four phases through which many retirees progress. Understanding this typical retirement journey will help in answering those questions.

The First Phase of retirement is ‘Vacation’. In this phase you do what you want when you want with no set routine. You get busy crossing items off your bucket list: travel, golf, a fancy sports car. This is the idyllic view of retirement on a beach with your toes in the sand, a beer in hand, and nothing to do at all. While it sounds plenty relaxing, most people need a routine and purpose. After about a year (or three or five) in the vacation mindset it is common to start asking yourself, “is this all there is?” This creeping doubt or uncertainty is normal. You spent 20 years preparing for a career, 40 years striving for professional success, and now you face 30 years or more with no set rules and no structure.

This lack of structure and meaning can lead to Phase Two: Loss. The loss of routine, identity, relationships, purpose, and power. The longer you stay in Phase Two the more likely you are to suffer from depression and mental or physical decline. Of course, this does not have to be inevitable. If you see it coming, you can take steps to avoid it. In general, if you are retiring *to* something as opposed to *from* something you have a better chance of being successful. You might just move right to Phase Three: trial and error.

Phase Three is the search for meaning by finding hobbies and activities that you love to do and can do well. It involves trial and error because not all activities will work out perfectly; however, with enough determination and passion you can get to Phase Four – reinvention.

Phase Four is where you find your purpose and mission. This tends to involve service to others – family, friends, and charities. The happiest and most fulfilled retirees live in Phase Four. They have found meaningful activities and connections that give them a sense of accomplishment. They exercise their brains and their bodies. They have recovered everything they “lost” in Phase Two. As Dr. Moynes would say, they have squeezed all the juice out of retirement.

We’d love to hear about your retirement journey; let us know which phase of retirement you find yourself in. And if you are interested in a financial plan, regardless of life stage, please reach out to us and we will set up an initial discovery meeting.

You can access the original TEDx talk [here](#).

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