

## Retirement Mind Games

by Nancy Opiela

Michael Ancona, CFP, of Ancona Financial Advisors in Scotch Plains, New Jersey, sets the stage for retirement in the new millennium with an observation he's made of how contestants on the new television game shows respond to the question, "What would you do if you won a million dollars?"

"If you listen carefully, rarely do people say they will quit their jobs if they win the big bucks," remarks Ancona. "They talk about buying a house or getting their families together and going on vacation. What they are really looking for is an opportunity to build on the relationships, friendships and activities they already have. I think that is happening with retirement, too. For our parents, retirement was a phasing out of work and eventual deterioration. Today, retirement is a gateway to new horizons and new opportunities."

While that certainly sounds positive, no life transition, whether it's marriage, the birth of a child or retirement, arrives without stress. Ross Levin, CFP, of Accredited Investors in Edina, Minnesota, sums it up for the planners we spoke with. "No matter how well you plan, or how secure a client is financially, stress is a factor of life during a time of transition. The bigger stresses for our clients are the emotional aspects of retirement—not the financial." Here, planners share strategies they use to work with clients on the myriad of emotional issues that surface during the "golden years."

## The Quest for Meaning Continues

Planners with happy retiree clients point out that although these clients have reached their goal of being financially independent, it's important to realize that they still need help with goal-setting. Simply, retirement is not the end of the game.

In Levin's practice, where ten percent of his clients are retired, he continues to work with clients on what he refers to as the "quest for meaning." Explains Levin, "In all stages of our clients' lives, we help them understand what matters most to them and create strategies so they can concentrate most of their time in the areas they care about. We challenge clients, especially in retirement, to consider what they value and how their actions are congruent with their values."

One of the exercises that works well for Levin's clients is drafting an ethical will. "In an ethical will, rather than talking about distributing your financial assets, you talk about what kind of personal legacy you would like to leave for your children and other important people in your life, and what you would want to be remembered for," he says.

If an ethical will shows a client is frustrated about not spending time with his family, Levin might encourage him to sponsor a family trip.

A tool Ancona uses to help retirees plan for their new futures is something many planners may have first encountered as college graduates looking for that first job. Interestingly, Ancona has found a number of useful exercises in the career-planning classic, *What Color is Your Parachute?*

"These exercises deal with the life/work planning process—what you want to do with your life and how you can apply that to your work activity," explains Ancona. "This type of exercise is also useful when it comes to retirement—especially today when retirement is really considered the beginning of another life."

Ancona begins working through these exercises from the moment someone becomes a client. "The more you can do

in advance, the better, especially when you are dealing with small-business owners or clients planning to make physical moves," he explains.

## **Alice in Wonderland**

The exercises illustrate for Ancona's clients that money has no value in and of itself and is useful only in terms of what they can do with it. "Until clients can define their vision going forward, whether it's in their working life or in retirement, I don't see how one can put together the numbers," Ancona comments. "It's like in Alice in Wonderland when Alice stops and asks the Owl for directions. The Owl asks, 'Do you know where you want to go?' Alice says no, and then the Owl says, 'Well then, it doesn't make any difference which path you take now.' The same thing is true in financial planning. Unless you know where it is you want to end up, what difference do the numbers make?"

So strong is the commitment of Charlie Haines, CFP, of Haines Financial Advisors in Birmingham, Alabama, to exploring clients' goals, that he has hired Marty Z. Carter, S.S.W., a social worker with a background in marriage and family therapy, to meet for two hours with all of his clients to discuss family, values and how they spend their time. Says Carter, "People who have difficulty in retirement have not developed their outside interests, so we talk to all clients before retirement about life balance and work to become well-rounded people."

In Carter's opinion, small-business owners have the biggest retirement struggles. For these clients, she finds it especially helpful to position retirement as "another chapter." Because many family business owners retire early with plenty of energy, she often gets them involved in small-business consulting. "Often, when a business is being passed from one generation to the next, the younger generation isn't quite ready to take over. It's helpful to bring in an outside general manager to train the next generation," explains Carter.

Carter also has helped clients retire from daily business operations and create a whole new place for themselves in the business where they can make a contribution and have fun. "For many entrepreneurs it's the vision thing, something to do with research and development. They are not so interested in operational details of the company," she says.

Susan Bradley, CFP, of Raymond James in West Palm Beach, Florida, notes that retirees may need a push in their quest for meaning because retirement often involves a loss of self-esteem. "It's no longer 'Hello, I'm Ed, senior vice president of IBM.' It's 'Hello, I'm Ed,'" she notes.

To build self-esteem, Bradley encourages her clients to try things they have not done before. "It's an old Seinfeld joke that retirees' lives are ruled around meal time. They wake up and talk about where to go for dinner and what they will order—they talk about it all day. When they arrive for the early bird special, they complain about the food or service, then go home and do it again the next day. When I tell that story to people, it sounds funny, but they can see themselves in it," she comments.

## **Depression and Substance Abuse**

Planners stress that clients' negative personality traits or impediments to their happiness don't go away in retirement. In fact, with more time on their hands and uncertainty about what the future holds, they can mushroom.

Ancona offers an example of a couple so wrapped up with their children's problems that they were not able to enjoy retirement. Explains Ancona, "These clients are in their seventies, worked their entire lives and have a portfolio of four

million. That's more than enough to support their current lifestyle. Yet they are absolutely frozen because of their continuing feeling of obligations to their children. They have a daughter in her mid-forties on emotional disability. Her husband has left her and they feel a responsibility to their granddaughter. They also feel responsibility to another son who is having career problems."

How is Ancona helping his clients free themselves from their worries and enjoy life? He finds a strategy called peak performance particularly helpful. "Peak performance involves a lot of visualization and meditation exercises," he explains. "You go after the image of a perfect day. What would the perfect day look like? Just before you fall asleep when your guard is down, what's your last image before you nod off? There's also a lot of visualization—in this case, that their daughter, son and granddaughter can be okay."

Only after having spent the better part of six months dealing with the clients' family issues has Ancona begun to address the issue of dismantling some of his clients' other roadblocks to happiness. "Although they have more than enough money, they are reluctant to use it," he says. "For example, she complains about her medical plan, an HMO, but she won't spend the extra money to get a private health insurance policy. Her excuse is always that she doesn't want to pay the capital gains taxes."

Substance abuse is a problem that is more profound in retirement. Explains Bradley, "When you are working, you have to show up and you are accountable every day. If you have a problem with substance abuse, people will see it and there is a way to get feedback from the world that what you are doing is not acceptable. When you don't have the responsibility and accountability, and you have more time on your hands, if there is a tendency that way, you do see more of it."

Many senior centers offer affordable programs targeted to seniors, but how should a planner broach the subject of substance abuse? Says Bradley, "It came up recently when a client came in to do some business and he was obviously intoxicated. He was polite and said the right things, but he was not capable of making financial decisions. I felt that it was unethical of me to take his instruction when I saw that he was somewhat impaired. I later spoke to his wife and told her I did not go ahead with his instructions because I thought her husband was impaired. I said it was after lunch and it might have been something he had at lunch. She knew what I was saying. I told her I was concerned about him driving home, but didn't know how to approach that with him. I told her I hoped he wasn't on the road in his condition and sent her a list of resources."

## **New Retirement, New Issues**

As the nation's baby boomers approach retirement, planners will find themselves dealing with new issues as their clients forge new, non-conventional paths in retirement. In fact, according to the 1999 Retirement Confidence Survey, published by the Employee Benefits and Research Institute (EBRI) in Washington, D.C., today's workers expect to work longer before retiring than their parents actually worked, and many (68 percent) say they plan to work for pay after they retire because they enjoy working and want to stay involved.

Planners we spoke with see evidence of this trend. In fact, many work with clients to help them define their interests and find new positions in retirement—from unpaid community work to part-time paid consulting jobs.

Levin comments, "The old picture of working in Minnesota and retiring to Florida doesn't really hold true with most of our clients. Most of them are trying to figure out what they can do—maybe they will write or teach. For example, a doctor might work at a free clinic."

Haines agrees: "Retirement is an anachronism in the year 2000. However, our clients are working not for financial reward, but for the desire to offer something of themselves to others."

Whether his clients' interests center on church, community or business, Haines helps them find their niche. "One client retired in his early fifties and still has a lot of energy," he explains. "He's been out of the workforce for seven years, so there are some technological barriers we have to deal with. However, we're working with him to take care of that. He went through the school of hard knocks as a business owner, so he has the ability to help other small and mid-sized business owners. He doesn't need the money, but is looking for some compensation. That's part of keeping score."

Many of Kathleen Cotton's retired clients—Cotton is a CFP practitioner and head of Cotton Financial Advisors in Lynnwood, Washington—do consulting work after they retire. "I call it pick-up, put-down work," notes Cotton. "We see a lot of this with our clients. We're also seeing more local companies encouraging older workers to do consulting or to stay on in a part-time capacity and mentor younger workers."

## Combating a Fear of the Unknown

While blazing a new trail, today's retirees experience a certain amount of stress from stepping into the unknown. Although retirement is planned for, planners report a period of tension as clients make the transition from spending assets to spending income.

Notes Stephen Barnes, CFP, CFA, of Barnes Investment Advisory in Phoenix, Arizona: "Once clients step away from a job where they spent a lot of time, there are typical struggles with who they are. A new environment where nobody is handing them a check every two weeks can make matters worse. Without assistance, it's a struggle for most people to understand what they should be spending."

Ninety-five percent of Cotton's clients are retired and she counsels everyone on the "fear factor." Explains Cotton, "Retirees have questions—Will they really have enough to live on? Where is the money coming from? How will they pay their taxes? The fear is more evident with those who have not managed their own money, or had a good part of their money tied up in a 401(k), or recently sold a business and received a chunk of cash. I tell clients that we have a fairly good idea of what they will need the first year, but until they have walked in those shoes, we are not 100 percent sure that we're right. To ease the tension, I suggest clients try to live financially for the 12 months before they retire as if they were retired."

Jay Shein, CFP, CLU, of Compass Financial Group in Lighthouse Point, Florida, cautions that clients are not always upfront about their concerns. For example, Shein had a 54-year-old client who had sold two businesses over the years and was always talking about starting some new business under the pretext that he needed something to do. "When I pinned him down, his real reason for wanting to get into another business was that he was afraid he was not going to have enough money. It's not that he was bored," Shein says.

Shein helped his client by showing him several spreadsheets, one illustrating the worst-case scenario, another a hopeful scenario. "I never show the best case because I don't want to overemphasize anything," says Shein. "If I can show a client that he'll still be okay, even with a 35 percent drop in his portfolio in the first week of his retirement, that's a comfort."

## Changing Relationships

Planners admit that when working with couples, consensus about what retirement should look like is not always easy to come by. In the beginning, there's usually too much or too little time together.

Says Levin, "Maybe one spouse retires and fills up his plate with volunteer activities and the other spouse wants to spend more time together. On the other hand, spouses who have stayed home sometimes find it difficult to have the other spouse home so much."

Bradley counsels her retired couples on the importance of negotiation to protect time together and time alone. "I always ask my clients—How is retirement? If I hear something negative, I use the feel, felt, found technique. Rather than trying to get them to spill it all at once, I'll say something like 'I've had a lot of clients go through this. Although their initial feeling was that retirement would be great, they were surprised that it was not always great.' If you use feel, felt, found, you are not hitting someone straight between the eyes. You are giving them a safe place. 'Other people have felt like you do and here is what I have observed was helpful.'"

One couple Levin works with is an attorney who works all the time and a teacher who is at home more. "She's distressed that one day he'll be around much more," says Levin. "Over the last few years, we've been working so she can get comfortable with the inevitable—that at some point he will stop working and be around the house. We're using counselors or life coaches to help them cut through these issues."

## **A Look Ahead**

As retirement changes, the planners we spoke with say they will remain open to new techniques for dealing with emerging issues. What's important, they say, is to be sensitive that there is no manual for retirement. Clients learn the lifestyle by living it.

In closing, Ancona points out that while good planning is important, there is a certain amount of "luck" involved, as well. Explains Ancona, "A 74-year-old client called me the other day from Ireland. Her husband had died when she was 52. Up until two years ago, she was living in the home they had lived in. Then, the house burned down. She came to me for planning and we talked about what she wanted to do. I found out that painting was a big thing for her. I convinced her that, rather than spend the money to rebuild the house that would tie her down, she should find a less expensive housing arrangement and use some of the money to pursue the painting. She took my advice and the call from Ireland was to let me know she'd won a prize in a big art show in Dublin."

*Nancy Opiela is an associate editor of the Journal of Financial Planning and is based in Medfield, Massachusetts.*