



Our
Insights

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Having enough money is just one piece of the puzzle; many are left with feelings of emptiness after their careers end and their children leave home. How will you fill their newfound free time in a way that brings joy to their life, or if plans are derailed by unforeseen situations, such as a global pandemic?

So, before colleagues host a retirement party to usher in years of sandy beaches and international adventure, you may want to consider a "rewirement" of how you think about, plan, and live this final stage of life. This is taking a significant step in ensuring you will have a fulfilling next chapter.

Why having enough money is just one piece of the retirement puzzle



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For the past few decades, the typical retirement was marketed as the end of people's working days and the beginning of their golden years – a well-deserved, fun-filled time with family and friends.

The path to get there may seem simple. Work hard, get married, buy a home, pay down your mortgage, save and invest consistently during your prime income-earning years, and you can retire at 65 with enough money to downsize, relax, and travel.

Yet, life doesn't follow this seemingly linear path. The only certainty we have is the bumps and turns we experience along the way.

So, before colleagues host a retirement party to usher in years of sandy beaches and international adventure, clients may want to consider a "rewirement" of how they think about, plan, and live this final stage of life – particularly in today's shifting workplace and economic environment.

Today, more clients are revisiting old plans, formulating new ones, or are beginning to think seriously about what they want out of their later life.

Divorce, market downturns, unexpected major illnesses, layoffs and restructuring, and the unexpected loss of business partners, family or friends, are all factors that may affect clients on their road to retirement.

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People living longer than they ever have before is also having an impact. In the past, financial advisors would prepare retirement plans until age 85; now, the standard is 95.

Clients often come with a mental goal post of how much they require to retire comfortably and are unaware of how much they will actually need. Proper planning and projections, including stress testing, inflation, and taxes, are necessary to understand how much money they will need to achieve their retirement goals.

Setting enough funds aside to last until end of life is key to ensuring clients don't outlive their savings.

The critical 10

Referred to as the critical 10, the five years before and after retirement are crucial for setting up financial comfort.

The decisions clients make in this timeframe on investments, estate planning, philanthropy, and insurance can have a significant impact on their lifestyle and lay a strong financial foundation for the retirement they want and deserve.

No matter the age at which they choose to retire, deciding on whether their existing housing situation is suitable for retirement or if their children or grandchildren need financial support will help advisors plan, capturing a more accurate and fulsome view of the years ahead.

Some questions and scenarios that should be considered during the critical 10 include: How can clients prepare for retirement if they're paying \$40,000 a year for a child's education? How can they retire with a mortgage, while setting aside enough money to help their kids purchase their first home, or upgrade to their second? Will their pension be enough, factoring in inflation? How do they plan for life's uncertainties such as illness and declining health in future years? Will they work part time? Are they interested in monetizing a hobby or activity such as cooking or painting? Will their dreams of international travel be affected when they are expected, or desire to, provide dependable child care for their grandchildren?

As circumstances change, dialogue with an advisor – sooner rather than later – can spark an important and life-changing discussion about the things that are important to clients as they move forward.

Making sure both partners are considered

It's important for couples to be involved in this discussion together so everyone is on the same page in terms of needs and desires in retirement.

Often, one spouse will not have a realistic understanding of the expenses associated with maintaining one or two properties, or travelling.

The first few years of retirement while in good health can be akin to the "honeymoon" years, in which expenses associated with travel and projects that had been put off can be much higher than anticipated.

An advisor can create a personalized plan considering a full view of income and cash flow (including rental income, pension, and registered retirement savings plan funds), assets, expenses, and investments along with integrating work, passion projects, and the need for purpose beyond working years.

How to make a reirement plan

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A reirement plan means taking a significant step in ensuring clients will have a fulfilling next chapter.

Will they transition out of their current role into consulting or working part time? Are they interested in joining the board of a local community organization or volunteering to make an impact? How involved will they be with caring for their grandchildren if they have them? Do they have hobbies, or have they been laser-focused on work their entire life with not much time for anything else?

Whether it's to volunteer and donate more to their community or turn a passion project into a small business, reirement is about asking clients how the next stage of their life can be fulfilling and meaningful through the pursuit of their passions, values and priorities.

And this plan is a work in progress, along with the ups and downs of life, revising clients' reirement plan along the way will be key.

The COVID-19 pandemic not only provided people with the opportunity to re-evaluate their careers and work-life balance but also brought the importance of a fulfilling retirement into focus, regardless of age.

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