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Retiring retirement: A closer look at combining work and leisure

Heidi Staseson



(July 2005) Advisors Diane McCurdy, Charlie Tinling and David Phipps may run their practices in different parts of the country — from Vancouver, Winnipeg and Ottawa respectively — but they share something in common. Each has boomer clients who are planning to bypass complete retirement and instead are opting for a dash of employment with a sprinkle of leisure.

Such is the new retirement model, says Ken Dychtwald, Ph.D., and president of San Francisco-based AgeWave, whereby more and more people are considering concocting a blend of work and leisure during what would normally be full-on retirement. According to a 2004 study by Desjardins, nearly 50% of Canadians entering retirement plan to be self-employed.

Whether it's a means to curb boredom, top up a pension or RRSP, or simply choose a new life adventure, it's these people who will need the guidance of advisors to help them plan safely. Whereas the old retirement model begged the question, "How do I fund 20 years of no work?" Dychtwald explains this one asks people to consider how they'll fund those new years and accompanying dreams. Further, he notes advisors will want to determine the resources necessary for clients to have minimal fear, anxiety and financial risk, and maximum levels of freedom, independence and comfort "as they enjoy these extra years and decades of life."

For example, he says the new model may include a blend of work and leisure for five to 10 years — somewhere between the typical retirement ages of 62 and 65 — and then perhaps stepping away from work altogether in the mid-70s. "About a decade of earning is probably kind of a reasonable rule of thumb," he says. He adds these people might continue to work full-time for a few more years, and then cycle back-and-forth, taking time off here and there, perhaps finding a different job, doing that for a few more years and then taking another break. Or, Dychtwald notes, they might simply choose to work three days a week or eight months a year.

Whatever the concoction, it's a prime time for advisors to imbibe and help clients ascertain the mix that best suits their needs. CFP Diane McCurdy of McCurdy Financial Inc., in Vancouver says another aspect of the new model is that boomers are not like their parents, with 76% intending to work into retirement; 67% of whom say it's not about the money but rather the mental challenge involved; and 42% indicating they're going to do a 50/50 blend of work and leisure. Hence, she says, the need for advisors to be aware of their clients' options to best direct them through the most suitable scenarios.

"As advisors, what we want to do is to be able to put people in positions of choice, so they have a choice of how they want to continue to work or not work...so you're making a difference with no stress," she says.

Charlie Tinling, a CFP with Tinling Financial Group in Winnipeg says many of his boomer clients are choosing this blend of retirement and work to satisfy an entrepreneurial spirit. He calls these clients seniorpreneurs — "Where a person has retired at the age of 60 to 65 and says, "Okay, I'm done with what I have been doing all my life. Now I'm going to do what I want to do — I'm going to start my own business." He adds he's witnessed a trend whereby clients who would typically retire are starting up small businesses, yet are opting to run them just two or three days a week. He says another client, in his late-50s, who worked in pharmaceutical sales for the majority of his career and retired two years ago, recently took up a job doing retail

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inventory at a store two to three days a week. "It's in an industry he wasn't even familiar with...he's not around January, February or March, and they knew that — it was all part of the deal when they hired him. He wanted something to do," Tinning explains.

But for others, approaching retirement isn't always a time of wonderment and choice. Clearly, there are many Canadian boomers who may want to retire but simply cannot. "They may not have any choice [but to work] if they don't have enough money," notes McCurdy. "There are people who are fortunate because if you worked for the government you have a pension and you have an index pension. It's the rest of the population that may not have that choice," she says.

David Phipps, a CFP with Assante Capital Management in Ottawa, agrees. For every person retiring from his or her 30-year career to pursue a longtime dream of opening up a chocolate factory, there is another person for whom working after retirement is the only choice available. "Not everybody who is working during retirement is fortunate to have a job that is fulfilling some lifelong goal as a second career," he says. "A lot of them are doing work that isn't fantastic because they need the cash flow. You don't need to be a financial advisor to figure that one out."

He points out downsizing is forcing many pre-retirees to scramble to pick up the slack of a lost job. "I mean, how many of these [feel-good] stories are people that didn't choose to leave at 55 but were fired and *had* to find something else to do?" he asks. Further, "How many of these people are opening up a chocolate factory because they realized they didn't have enough savings to make it to age 85, so they had to open up a chocolate factory!"

At whatever stage boomers choose to perform the act of retirement, the fact is it's no longer a fade-to-black platform. Notes Dychtwald: "If you go to *Webster's Unabridged Dictionary*, and you look up the word, 'retirement,' it says 'to disappear; to go away; to withdraw.' And if we're talking about people reinventing themselves and cycling into new careers and maybe pursuing a whole new area of interest, it's really not retirement. It's a redefined retirement."

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