



In the years leading up to retirement, aim to gradually increase your time spent on the activities that will soon become the primary focus of your retirement years. (UBS)

What will your retirement look like?

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Research suggests that both planning for financial security and preparing for the social and psychological changes that accompany retirement are important for well-being in later life. To get this process started, walk through the five steps below to make sure you're prepared for the nonfinancial aspects of retirement.

1. Take time to reflect. Upon exiting the workforce, the loss of continuity, meaning, and a sense of identity can fracture the familiar roles you've grown accustomed to. This has the potential to produce psychological ramifications, but not for all retirees.

For instance, those whose personality and sense of self are highly influenced by their profession may find that retirement can leave them feeling like they've lost their identity. By contrast, for those who view work merely as a means for a paycheck, the idea of retirement may bring them relief.

Ultimately, the impact of these changes will vary depending on what your career and work-life meant to you. As a starting point, consider addressing these questions:

- Aside from the paycheck, what other aspects of your job and career do you enjoy?
- What aspects of your work-life fulfill you?
- What activities do you currently partake in outside of work?
- Which relationships do you want to maintain? Which relationships do you want to strengthen?
- What about retirement excites you?

Understanding the facets of work-life that you valued will help you to pinpoint the valuable yet often overlooked aspects that may be left behind when you begin transitioning into retirement.

2. Identify the activities and hobbies that will fill your free time. One of the key ways to maintain life satisfaction through the retirement transition is to maintain consistency in your social patterns and lifestyle habits. As you think about how you'll fill your free time, keep in mind the aspects of pre-retirement life that you valued.

Whether it is finding a new hobby or starting a consulting practice to continue your work part-time, finding outlets for your creative interests can help you emulate the valued aspects of work, facilitate continuity, and bring familiarity and comfort to the next chapter.

3. Determine how you want to transition. Post-retirement work, also known as bridge employment, can be used to ease the transition both financially and emotionally. In terms of its financial impact, any additional work means more paychecks that can be saved and less retirement spending to fund.

In fact, working longer is relatively powerful in comparison to saving more if the extension of work is accompanied by delayed Social Security benefits and 401(k) withdrawals. According to an analysis from Stanford University, working three to six months longer has the same impact on the retirement standard of living as saving an additional 1 percentage point of working income over 30 years.

That doesn't mean you don't need to be saving as much in your working years—you still need to plan for the unexpected, like if you were no longer able to work due to health issues—but it is insightful information if you're deciding how you want to transition away from work-life to life in retirement.

What's more, bridge employment may help younger retirees fund healthcare costs if that particular role comes with workplace benefits such as health insurance.

In terms of the psychological benefits, bridge employment can provide a sense of purpose, identity, and satisfaction without the aggravations of a typical 9-to-5 job. But, that's only true if it's the right work. Only those who are truly engaged in their post-retirement activities reap the psychological benefits, and finding truly meaningful engagement may take longer than expected.

4. Establish your life outside of work. Research suggests that retirees who are more involved in activities and connected with friends and family are more likely to report better mental health and well-being in retirement. What's more, those who take steps to incorporate these activities and social connections into their routines before retirement may find it easier to withdraw from work-life and adjust to their retirement lifestyle.

In the years leading up to retirement, aim to gradually increase your time spent on the activities that will soon become the primary focus of your retirement years. This is particularly important if you plan to go from full-time employment to fully retired overnight. Building activities and friendships beyond the work world can help you maintain lifestyle continuity throughout the transition, making the adjustment seem far less drastic.

5. Discuss your aspirations with your financial advisor. From a cash flow standpoint, retirement can seem terrifying. After decades relying on working income to fund ongoing expenses, retirees rely primarily on their savings.

Leading up to retirement, be sure to structure your portfolio to provide the appropriate amount of cash flow for your spending needs in the absence of a paycheck. In the context of the Liquidity, Longevity, Legacy, framework, the Liquidity strategy is designed to fund your spending needs over the next 3–5 years, providing you with a buffer between your retirement spending and potential market volatility.

Meanwhile, the Longevity strategy is designed to provide consistent growth and income to fund the remainder of your retirement expenses, and the Legacy strategy helps you to maximize your ability to improve the lives of others.

Together, these three strategies can help to provide you with the context and clarity that you need to retire with confidence that you and your family will be able to fund all of your financial objectives.

Read the full report [What will your retirement look like?](#) 29 March 2023.

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