

7 Things No One Tells You About Retirement



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EMOTIONS RUN HIGH IN RETIREMENT

40%

of Americans
fear retirement
more than death

87%

of Americans worry about a
lack of income in
retirement



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Source: Zety, More Frightening Than Death: Fear & Loathing in Retirement, 2021. <https://zety.com/blog/afraid-of-retirement>.

WORKSHOP AGENDA

1. Retirement history reveals a lot
2. The wrong top 10 list
3. The unspoken side of retirement
4. Major transition miscalculation
5. Where cliché advice goes wrong
6. The broken record of longevity
7. Retirement's greatest paradox

1 RETIREMENT HISTORY REVEALS A LOT



Otto von Bismarck creates first social security system in Germany

1899



403(b): first employee-based retirement plan

1935



401(k) created in 1978 with RMDs in 1982

1978



The Roth 401(k) makes its debut

1997

U.S. Social Security Act Established



ERISA Rules and IRAs are created



Roth IRA comes into existence



2006



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KEY RETIREMENT TAKEAWAYS FROM HISTORY

1

The retirement framework is out of date

Its structure was established over 130 years ago in a different country with a retirement age older than life expectancy.

2

401(k)s were created to supplement pension plans

3

Baby boomers may need to fund 70% of their own retirement and make it last 30+ years

4

Many people don't understand IRA and Roth 401(k) benefits



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IDA MAY FULLER

In 1940, Ida May Fuller became the first person to receive a Social Security check.

- The check number 00-000-001 was for \$22.54.
- She was a teacher and legal assistant from Vermont.

“It wasn't that I expected anything, mind you, but I knew I'd been paying for something called Social Security.”

KEY RETIREMENT TAKEAWAYS FROM HISTORY

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The retirement framework is out of date

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401(k)s were created to supplement pension plans

In 1983 there were 175k pension plans, but as of 2022, there are only 45k.

3

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Applying the same logic when Social Security was created, early benefits would not start now until age 80.

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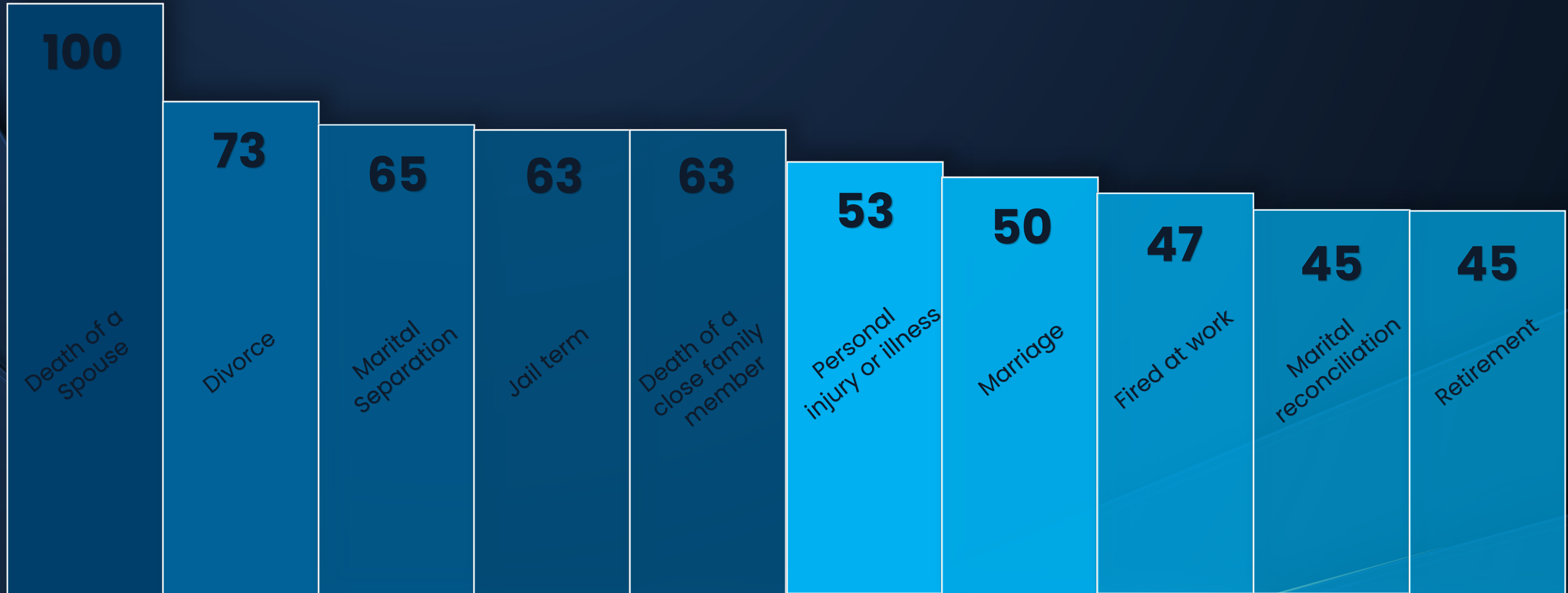
Many people don't understand IRA and Roth 401(k) benefits

Nearly 30% of today's 401(k) plans offer higher post-tax contributions than you may think.¹



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THE WRONG TOP 10 LIST



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Source: Holmes TH, Rahe RH. The Social Readjustment Rating Scale.
J Psychosom Res. 1967;11(2):213-218.

WHY IS IT SO STRESSFUL?

Change in health of a family member

Change in financial state

Change in number of arguments with spouse

Children leaving home

Change to a different line of work

Death of a close friend

Spouse begins or stops work

Revision of personal habits

A large mortgage or loan

Change in eating habits

Change in residence

Change in living conditions

Change in social activities



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Holmes Rahe Stress Scale, 1967 Wikipedia,
https://en.wikipedia.org/wiki/Holmes_and_Rahe_stress_scale

THE UNSPOKEN SIDE OF RETIREMENT

Depression

Retired people are twice as likely to report feeling symptoms of depression¹

Likelihood of clinical depression increases about 40% after retiring²

Isolation³

25% of all seniors 60+ report feeling isolated and lonely

43% can go days without talking to other people

Addiction

Alcohol is the most used drug among older adults

65% of people 65+ report high-risk drinking⁴



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¹Journal of Population Ageing, The one retirement risk you're probably not preparing for? Depression, June 2019 <https://www.usatoday.com/story/money/2019/06/11/depression-during-retirement-how-cope-and-prepare/1416091001/>

²Institute of Economic Affairs, Retirement Depression: 9 Tips for Combating this Very Common Syndrome, August 2019 <https://www.newretirement.com/retirement/retirement-depression/>

³On average, older adults spend over half their waking hours alone, July 2019 <https://www.pewresearch.org/fact-tank/2019/07/03/on-average-older-adults-spend-over-half-their-waking-hours-alone/>

⁴Substance Use in Older Adults DrugFacts, National Institute On Drug Abuse, July 2020 <https://nida.nih.gov/publications/substance-use-in-older-adults-drugfacts>

4 MAJOR TRANSITION MISCALCULATION

LOSSES OUTNUMBER GAINS

**Time
Freedom
Energy**

**Routine and identity
Mental stimulus
Social connection
Physical activity**



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POSITIVE PSYCHOLOGY: THRIVE VS. SURVIVE

At work

In retirement

Positive emotion

Completing a big project

?

Engagement

Being a leader

?

Relationships

Being part of a team

?

Meaning

Having a defined purpose

?

Achievement

Getting promoted

?



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Source: Seligman, M. (2011). PERMA—A Well-Being Theory by Martin Seligman.

5

WHERE CLICHÉ ADVICE GOES WRONG



- Retire with something instead of retire to something.
- First, we make our habits and then our habits make us.
- We do what we know: default behaviors.
- Retirement doesn't change us or make us better.
Instead, it magnifies who we already are.
- The best way to live a successful life in retirement
is to create it before you get there.



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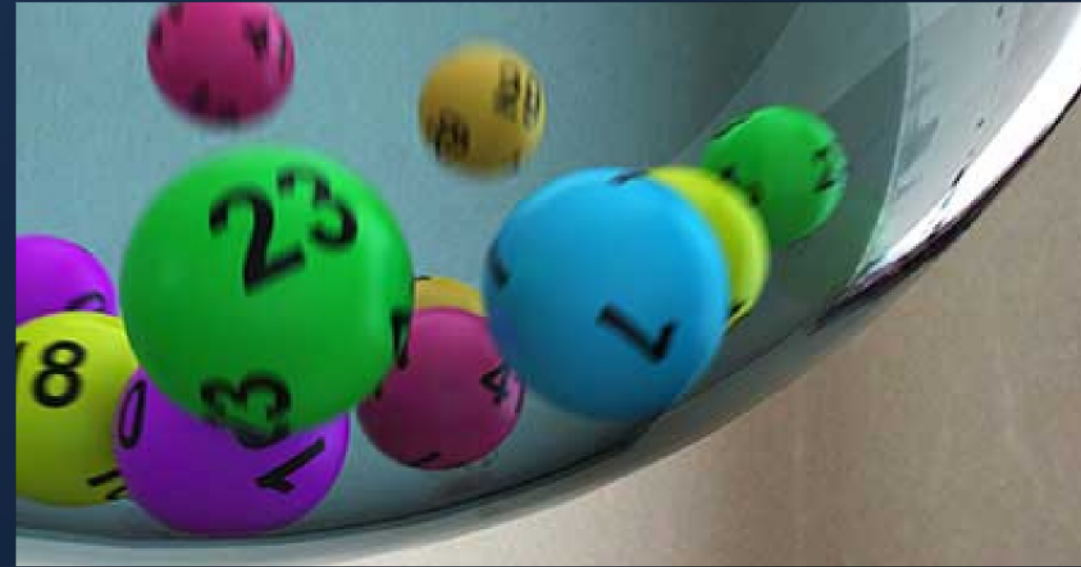
RETIREMENT MAGNIFIED



Professional athletes¹

78% of NFL players are either bankrupt or under financial stress within two years of retirement

60% of NBA players are broke within five years of leaving the sport



Lottery winners²

70% of lottery winners end up broke within seven years



Prison escapes³

60% of escapees are caught within the first 24 hours

85% are caught within a week



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¹Why Athletes Go Broke, Investopedia via Sports Illustrated, June 2022
<https://www.investopedia.com/financial-edge/0312/why-athletes-go-broke.aspx>

²Curse of the lottery: Tragic stories of big jackpot winners, January 2016
<https://www.nydailynews.com/life-style/tragic-stories-lottery-winners-article-1.2492941>

³History Channel America's Greatest Prison Breaks, History Channel 2016



BROKEN RECORD OF LONGEVITY

**When is a person considered old?
Depends on who you ask:***

- Under 30: Old age begins at 60
- 30 to 49: Old age begins at 69
- 50 to 64: Old age starts at 72
- 65+: Old age begins at 74
- Only 21% of those aged 65–74 said they feel old
- Of those 75 and older, just 35% said they feel old



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*Growing Old in America: Expectations vs. Reality, Pew Research Center
<https://www.pewresearch.org/social-trends/2009/06/29/growing-old-in-america-expectations-vs-reality/#:~:text=Among%20respondents%20ages%2065%2D74,our%20survey%20respondents%20is%2089>

IT'S TAKING LONGER TO FEEL OLD

- *It's not that we are living longer but rather that it's taking longer to feel old.*
- *Social norms and corporate America haven't adapted to longer life spans and working years.*
- *Applying the same logic when Social Security was created, early benefits would not start now until age 80!*

RETIREMENT'S GREATEST PARADOX

Retirement doesn't eliminate work; it just reorients it. New work requires a different set of skills & abilities.

- Setting boundaries with family members
- Reconnecting with lost passions and hobbies
- Seeking out satisfying volunteer options
- Accepting physical constraints
- Regularly getting out of the house
- Learning new things and meeting new people



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PATH TO A SUCCESSFUL RETIREMENT

- Retirement is an emotionally charged topic.
- There is no single, universal definition for a successful retirement.
- A successful retirement isn't one without problems but rather one in which you learn to overcome them.
- Resilience, positive mindset and support are key.



Next steps: Schedule an appointment to discuss these tools:

Visit ThePittiGroup.com to learn more
Email Info@thepittigroup.com to schedule an appointment



REFLECTION

- *Which one of the 7 Things No One Tells You About Retirement was most eye-opening or surprising?*
- *Is there something else you would add to the list?*
- *Why is it important for more people to hear a presentation like this?*



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Disclosures

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