

# BEYOND THE FINANCES: Are You Psychologically Ready to Retire?

Twenty years ago, at the beginning of my career, I was meeting with a client who was six months into retirement. I remember it like it was yesterday. Our client, a former corporate executive, and his wife, a small business owner, had just returned from a cruise around Europe. During the meeting, we reviewed their financial plan, including their investments and risk management position. On the surface, the meeting went well, but I picked up on an uneasiness with the couple.

Worried they were unhappy, I asked them if they had concerns. The client replied “Oh no, this is great! But what I do now that I’m retired?” I found myself struggling to answer his question. For the next hour, they discussed their fears of being bored, being unsure of their purpose or how to spend their time, and an overall feeling of being lost. This experience made me realize, that beyond the finances, there is also a psychological readiness aspect to retirement.

Too often, I think the focus is solely on if you have enough money to retire and live comfortably for the duration of your lifetime. While that is a very important aspect of retirement, I challenge you to ask yourself the five following questions to ensure you are psychologically ready to retire as well.

## 1. Is your identity wrapped around your career?

The first few months of retirement are what we call the honeymoon phase. It’s usually filled with trips or vacations, sleeping in and taking care of projects that were deferred for “when you had more time.” This phase can go on for a few years; however, at some point there is a change in the narrative of who you are outside of your former occupation.

For many who work the majority of their adult life, the job can become all consuming. In the beginning, we work hard to make a name for ourselves or move up the corporate ladder. Then, we move on to achieving our personal level of success. For



many, their job consumes more than 50-60 hours a week. When this happens, the line between your personal identity and your “work persona” starts to blur. Your career, and the success you encounter, starts to define your self-worth. Those that fall into this category, struggle the most when they enter retirement. They no longer feel like they have a sense of purpose or a goal for each day. If you ask yourself the question above before you retire and the answer is “yes”, then I recommend you take some time before you retire and separate your work goals from your personal ones. Rediscover what makes you tick as a person and not as a business man or woman.

**Bonus Question:** Can you introduce yourself and spouse without mentioning what you do (or did) for work without hesitation?

## 2. Have you and your spouse sat down and discussed each of your dreams and goals for how you spend your time and money during retirement?

For the majority of couples, retirement may be the first-time spouses are around each other full time, with the exception of vacations, during their marriage. It is important that couples sit down and discuss their after-retirement goals and plans to ensure they are both on the same page. For example, one spouse may think they are going to move to Florida and spend their retirement years near the ocean, while the other spouse may be planning on staying in their current house because it means the world to them. Couples who do not communicate about this before retirement will likely find themselves addressing it in a “less friendly” manner post-retirement.

**Bonus Question:** Are you and your spouse on the same page about how you will spend your time and money during retirement?

## 3. Do you have a plan to stay active during retirement?

Lack of time is one of the top excuses people list when asked why they don't exercise. When you venture into retirement, this is no longer an issue, yet we still see a large number of clients not taking advantage of their new-found freedom by being more active. It is helpful for you to find an exercise or activity you really enjoy. For example, if you like golf, but only had time to hit the links 1-2 times a month before retirement, consider setting a weekly tee time once you are retired. Or, even better, organize a group of friends who meet weekly for 18 holes. Whether it's a sport, playing cards, taking a daily walk or joining a gym, it is important to find something physical to keep your body and mind active.

**Bonus Question:** What activity do you enjoy doing? How will you incorporate that activity into your retirement?

## 4. Embrace Your Relationships?

While social media makes it easy to stay connected to others on a superficial level, it is important, when you are retired, to have a good core group of friends that you can rely on for a social connection.

For example, we have a client who has been retired for 17 years. The week after he retired, he called four of his closest friends. These are people he socialized and worked with prior to retirement. All of them were around the same age. That week, they met for coffee on a Friday morning. Nearly two decades later and they are still meeting for coffee weekly. This has not only become a ritual of sorts, but also a group of men that share ideas with each other, support one another and just offer a listening ear.

Relationships like these are essential in retirement. Solitude is no one's friend and relationships will help keep you healthy – physically and mentally.

**Bonus Question:** Can you call or see five people who care about you in the next week?

## 5. What do you care about? And what are you going to do about it?

While this point may be repetitive with the first four, it is worth repeating. Everyone needs interaction and a purpose in retirement -- this can be volunteering, it can also be doing a job that you enjoy, almost as a hobby. Having somewhere you enjoy going helps build up your routines with activities you enjoy doing and people you enjoy seeing.

**Bonus Question:** What would an ideal weekly routine look like?

I learned early in my career that retirement planning is much more than numbers. You must consider the psychological aspects as well. My clients from 20 years ago...that meeting was their low point and they transitioned to enjoy a long and fulfilling retirement (and still are).

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