

# Retirement Readiness Report

*Helping older employees get ready to retire successfully*

*A free report for employers, unions, and pension funds, produced by RetirementWORKS<sup>®</sup>, Inc.*

November 2009 – Issue no. 13



**15 November 2009**

**Welcome to the thirteenth issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.**

**We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).**

***If you missed issues #1 thru #12:***

**They're available at:**

**<http://www.retirementworks2.com/support.asp?id=newsletter>**

***Next month:***

**Why older employees and retirees can't get good financial advice.**

## **Downshifting**

Although you, as a professional, probably have a reasonably nuanced view of retirement, many employees see it as the sudden swap of full-time work for full-time leisure. Using driving a car as a metaphor, this is like going from 60 to 0 instantaneously, which is easily effected by slamming into a stout tree. If the analogy holds – and it does, well enough – this is a dangerous way to stop. The proper way is to gradually apply the brakes, or better still, to start well ahead of time, and to downshift to a lower gear.

The terminology of “downshifting” is catching on in the retirement literature, and it raises an important point. A successful retirement begins well before the employee walks out the door for the last time – not just in terms of financial preparation, but also in terms of gearing down in work activity, and gearing up in the activities that will fully kick in once retirement is a done deal.

A well-conceived program for easing older employees into retirement should take both of these aspects into account. Clearly, the employer has more control over the downshifting in work activity, but it is possible and appropriate to help the employee identify alternative activities that will engage his/her interest and involvement during retirement, and to encourage such employees to start shifting into those activities before they leave the workforce.

Many employers have been looking into, or actually have implemented, phased retirement programs. These are the most direct and dramatic ways to implement a downshifting strategy in terms of work obligations. It has been easiest to do this in organizations that do not offer defined benefit or money purchase plans, but with recent IRS regulations on that topic, even employers that do have such plans now have guidance on how to make it work.

Allowing older employees to phase out, rather than just depart all at

once, may be easy or hard to implement, depending on what kind of organization you have and the specifics of a particular job or employee. But – especially in times like these – beginning to phase employees out can be a partial alternative to laying people off.

You do not have to have a formal phased retirement program, however, and even if you do, many employees will not want it. And frankly, some employees will not want to engage in any form of downshifting.

But the majority probably will. And for them, even without a formal phased retirement program, you can do a lot to ease the transition:

- You can gradually reduce the employee 's responsibilities, converting him or her into more of a training or advisory role, or as a “swing” employee who fills in for others.
- You can institute a policy where employees, in their final year before retirement, get an increasing amount of paid time off, to acclimate them

and their families to their forthcoming retirement.

- You can assign them different duties, even in a different division or department of the organization. This will get them used to doing both less of what they have traditionally done, and more of some things that are different – which is good preparation for retirement.

*“Downshifting from our work, while upshifting into new activities that engage us, turns retirement into a short hop that is not only painless but, as it should be, positively joyful.”*

This sort of on-the-job downshifting can also be of benefit to co-workers. They get a chance to gradually accustom themselves to doing their jobs without relying on the expertise and active participation of someone who is perhaps their most experienced colleague. If there are going to be problems, these will be discov-

ered before that colleague is really gone.

In addition to all this, if you offer any kind of employee seminars or other opportunities for older employees to learn about retirement, you can help them downshift out of work and into retirement by encouraging them to find new activities and interests and to get more involved with those, even while they are still employed.

These could actually be activities related to the organization. Many employers have favored charities or social causes they support, and employees nearing retirement could be encouraged to participate more in those causes, perhaps even allowed to use some working hours to do so.

But at the least, retiring employees should be educated about the importance of having interests that they are retiring **to**, not just a job that they are retiring **from**.

As we discussed in *Retirement Readiness Report #7*, almost all of us need to have some sense of meaning and purpose in our lives. For most of us with full-time jobs, much of our identity is wrapped

up in our work, even if we don't like our jobs or our bosses or our working environment. Retiring, especially retiring without downshifting (and even more so being force into retirement unexpectedly) removes what is often a key part of our sense of purpose and identity. Retirement can feel like walking across a log traversing a stream: we are shaky and hesitant until we land on the other side.

Downshifting from our work, while upshifting into new activities that engage us, narrows the width of that expanse, and turns retirement into a short hop that is not only painless but, as it should be, positively joyful. Enlightening employees on this point, and encouraging them to identify and become engaged in their new sources of satisfaction *before* they retire is one of the most fruitful services you can provide – and it doesn't have to cost you much of anything.

---

## Recommended Reading for Employees Getting Ready to Retire

***Revitalizing Retirement***, by Nancy K. Schlossberg, EdD

\$16.95 (American Psychological Association, 2009)

**Notice:** We do not sell books, or have any financial stake in recommending them.

Dr. Schlossberg's latest book is not specifically about Downshifting, but it is highly relevant to this month's theme.

Subtitled, "Reshaping Your Identity, Relationships, and Purpose," it presents those three elements as critical in adapting to a life without the job or career one may have pursued for decades.

Schlossberg starts with the concept of "mattering," borrowed from Morris Rosenberg. Each of us matters in our job: what we do there and how we do it has an impact. After we retire, we no longer matter in that way, yet it is important to all of us to feel that we matter. A key part of a successful, happy retirement is understanding the ways in which we do still matter, and finding new ways to feel noticed, important,

appreciated, and depended upon, and in which we can take personal pride.

She then focuses on the three areas where people can strengthen themselves so that they do matter, and feel that they matter:

- **Identity:** reconstructing a sense of who we are, when we have left our jobs.
- **Relationships:** strengthening existing and new relationships, to help compensate for the inevitable weakening of connections with former work colleagues.
- **Purpose:** identifying new activities and interests that give us a sense of worth and meaning, when we no longer have the opportunity to perform our customary paid jobs.

How we do this, and whether we do it successfully, depends on our personality and strategy. The author identifies six "paths" that people tend to take: the Continuer (who keeps up a modified version of what has been familiar), the Adventurer (who looks

for something, or many things, that are new), the Searcher (who revels in, or maybe gets stuck in, the search itself), the Easy Glider (who is happy to enjoy whatever comes along), the Involved Spectator (whose interests are more passive than active, but who may still be deeply engaged), and the Retreater (who gives up, and fails to adapt).

This is not our all-time favorite retirement book, because there are many topics it does not discuss. But what it tries to do, it does well, and it is an excellent starting point for older employees who haven't yet thought through what they are retiring [into](#).

---

## Featured Website

### **Midlife Unlimited**

<http://www.midlifeunlimited.com/>

Melita DeBellis, a former attorney and HR executive, is now a life coach who first suggested that we write about Downshifting this month. She is also co-author of *Thriving: A Grower's Guide* (which we reviewed in *Retirement Readiness Report #10*), a co-owner of Third Age Partners, and

founder of Turning Point Coaching and Midlife Unlimited.

This last venture sponsors this month's featured website. In her own words, "Midlife Unlimited is an online community with a local presence, designed to provide you with resources, inspiration, hope, and information to support and guide you in embracing the unlimited possibilities for your midlife and beyond. We help you to seize new opportunities for fulfillment in both your personal and professional lives. Our hope is that you will be excited about this next chapter in your life, see beyond potential limitations, and experience your individual potential for growth, renewal, transformation and contribution."

This site is still growing, but already it is achieving its aims. DeBellis recognizes that both information and inspiration are needed, and her site offers both.

Interviews with leaders in the field, stories of others in the same life-stage who have been there before, and thought-provoking musings provide plenty of food for thought.

Meanwhile the site offers access to unique materials (including a link to our own software, which we blush with pride to note), all intended to provide practical help to get people where they want to be in this part of their lives.

There are also links to coaches in a dozen mostly large states across the country, and in Canada. We happen to be acquainted with a number of them, and this is a high quality resource for your older employees.

### **About RetirementWORKS<sup>®</sup>, Inc.**

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Mass., which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful financial software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

We can be reached at:  
69 Lancaster County Rd.  
Harvard, MA 01451  
(978) 456-7971 or  
[info@RetirementWorks2.com](mailto:info@RetirementWorks2.com)  
[www.RetirementWorks2.com](http://www.RetirementWorks2.com)