

Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the thirty-second 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 #31:

They're available at:

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

Next month:

Happiness, Optimism, and Personality

Retirement coaching, and its alternatives

Two recent reports caught our eye this spring.

The first was from a study sponsored by Transamerica Retirement Management, based on a survey of HR directors and benefits managers conducted in October. An overwhelming majority said that their organizations do not do enough to prepare employees for managing their finances in retirement. Despite widespread acceptance among this professional group that employers do have some responsibility in this regard, and that without such help many employees are not, in fact, ready for retirement.

The other report was by Kathy Gurchiek for *HR News*, available at SHRM Online. Gurchiek says that a growing number of employers are now offering retirement coaching as part of their benefits program. And these programs are for rank-and-file employees, not just executives. They involve face-to-face and/or telephone discussions between employees and coaches, the object being to get employees to devise and commit to a plan for their retirement.

From the employer's point of view, part of the motivation is to help older employees realize that many of them can, in fact, afford to retire, and that they need not be constrained by the free-floating financial anxiety that has befallen a lot of people in the last two or three years. In addition, more employees are asking for this kind of help, because they know they need it.

Clearly, this trend is far from being a tidal wave, and it is not certain yet whether we are in the early stages of something that will become commonplace, or whether only leading-edge employers will commit. And in fact, we have been here before. In the latter decades of the 1900s, many large employers offered extensive education, often accompanied by some degree of personal counseling, for their about-to-

retire employees. But ironically, by the early 2000s, most of those programs had died out.

We say *ironically*, because the demise of the old model occurred just as the leading edge of the Baby Boom generation was entering its early-retirement phase. And, as is well known, this cohort mostly lacks traditional Defined Benefit pensions, and therefore needs more, not less, help in managing their finances, if they are to avoid running out of funds some day.

Yet the old model did die out . . . not because the programs were ineffective, but because they were expensive to run. Most companies either had to hire outside consultants to provide what we now call *retirement readiness* services to employees, or had to hire full-time HR staff to do the job internally. Both methods had pretty noticeable price tags, and when companies were looking to trim down, these programs were vulnerable.

So, as the move toward *retirement coaches* cranks up, are we just repeating a cycle that we have already been through?

Hopefully, not. We see two differences between then and now. One of these could actually increase the cost of such programs, but the other could decrease the cost dramatically.

The more costly aspect is that the *holistic* view of retirement readiness is gaining acceptance. We won't go on about it at any length

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here, because it is a frequent theme of this series of Reports . . . indeed, it is implicit in most of what we produce.

Furthermore, some of the better past programs already took a holistic view. Nor do all of the newer ones do a better job in this area. Go back to the first paragraph, and note that the Trans-america study deals with *financial* issues specifically. Many of even the new programs still limit themselves to money concerns, mis-

guided though this might be.

Even so, the best programs will cover a lot more ground, and if your organization is heading in this direction, or is thinking about it, we hope you will take a more holistic approach, since it will be well worth any extra cost.

As we have noted, though, such programs can actually cost less now than they used to.

Even when education, advising, and coaching involve the personal presence of a trained, experienced expert, they do not always have to have a high cost.

One option is to bring in a team of local professional advisers and coaches with an array of appropriate specialties, allow them to conduct applicable portions of your program, and then also allow them to work individually with employees who need additional help, at terms that are arranged between the individual employee and the individual adviser / coach. The main drawback is concern about product bias on the part of such advisers, particularly the financial ones, and this can, in fact, be a problem.

Another alternative is to use printed or online materials that can be provided inexpensively to employees.

We do seem to be entering something of a golden age of such materials. There are now dozens of very good books that take a holistic view of retirement, and that will encourage soon-to-be retirees to consider all aspects of their lives as part of their retirement process. There are also websites that do the same, including some that offer online questionnaires, and return reports that deliver individual analysis of the employees' personal areas of strength and need.

Within each of those specific areas, there are also both printed and online materials that take individuals into greater depth of analysis and insight, as well as financial tools (especially online) that far exceed what was available ten years ago, let alone twenty or thirty years ago.

It is entirely feasible, therefore, to set up a program with little or no face-to-face coaching, and therefore little out-of-pocket cost for the sponsoring organization.

This is not to say that individual coaching is to be avoided. If you can get the budget for it, by all means check out what is available in your locality (or localities).

But if your budget is small . or non-existent . and you need to do a good job at a modest price, or if you have multiple sites geographically spread out and you want to assure an identical quality of support to all of them, alternatives are available. (And yes, we'd be happy to help you work them out, if you like.)

Recommended Reading for Employees Getting Ready to Retire

Be Your Own Life Coach, by Fiona Harrold

\$15.95, Coronet, 2001.

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

Here is yet another alternative to face-to-face coaching: show employees how to do it themselves.

Realistically, of course, this would not work for everyone. Although Fiona Harrold's book is highly engaging, and her own personal-

ity is so large that it shines through in full force even on the printed page, one needs a good deal of motivation to actually be one's own life coach.

Still, this book shows that it can be done, at least by some people.

Ms. Harrold has a very sensible and organized approach to identifying, focusing on, and working our way through the changes we ought to be making in our lives. But she also clearly recognizes the obstacles . both the natural obstacles that inhere in any efforts at change, and the special obstacles with the do-it-yourself approach.

Her book is, therefore, both highly useful and highly inspiring. If any book can get people to actually make changes to their lives and themselves, this is it.

It's also fun to read.

Be Your Own Life Coach is not, however, the ideal book for retirement readiness, because it does not deal specifically with retirement issues.

The approach that Fiona Harrold uses could still, of course, easily

be applied to the issues that arise in retirement, and as one heads into retirement.

But identifying and resolving these issues also requires some specific knowledge, and in many areas (e.g., financial, legal, health, caregiving) this knowledge can be quite detailed and even arcane. Harold does not supply this knowledge, so at best, this book would need to be used in conjunction with other sources.

Still, for people whose main problem lies not in knowing what to do, but in getting organized and following through, this could be just the right book for them. And there are a lot of those people out there!

Featured Website

Next Dance

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

This site has nothing to do with dancing! The next dance is what we decide to do with the next phase of our lives. And this site is specifically devoted to retirement.

It is also another alternative to

face-to-face coaching.

The central offering of this website is an online instrument that examines one's satisfaction in fifteen different areas of life, evaluating where one currently is in relation to where one wants to be.

You sign up, fill out the on-line questionnaire, and then within 24 hours you get a detailed individualized analysis of your life in these fifteen dimensions, as well as a boilerplate workbook that is exceptionally good.

Any automated instrument is going to have its limitations, but we have looked at this one and others, and so far, this is the best we have seen of its kind.

In addition, the Next Dance people offer personal coaching as a follow-on to the automated reports. This coaching is done by telephone, so anyone anywhere in the country can take equal advantage of it.

The main drawback is the price. People can sign up individually for \$295, or as couples for \$550. Follow-up coaching is \$300 per single one-hour session, though

longer-term commitments work out to \$200 per hour, supplemented by unlimited email communication and exercises.

But they also offer special arrangements for companies and associations, including the opportunity for individual or group coaching sessions, and train the trainer workshops.

Not a low-cost provider, but a good one that should be on your list if you are looking into your retirement readiness options.

About RetirementWORKS[®], 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.

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