



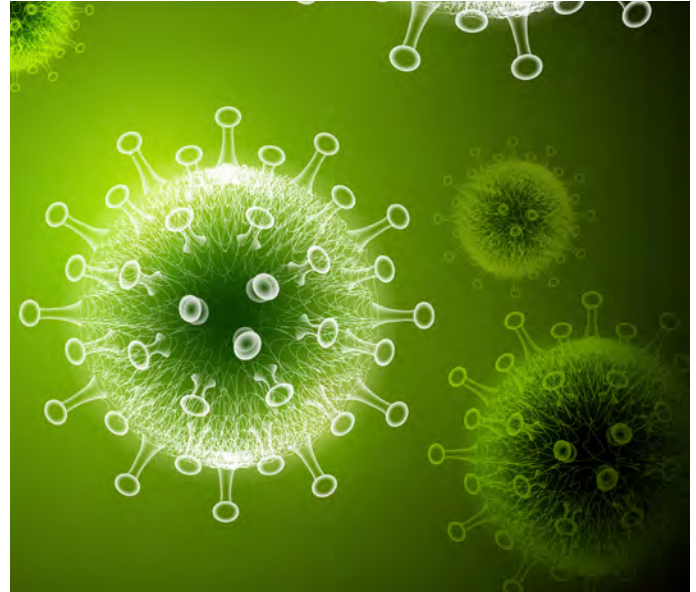
# A View From the SOA's Staff Fellow for Retirement

By Mary Stone

In these turbulent times of COVID-19 and the volatile financial markets, ensuring that employees are able to successfully plan and manage retirement finances takes on increased importance in a predominantly defined contribution retirement system.

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act included retirement plan provisions aimed to help retirement plan participants in these challenging times. In particular, the legislation permits greater flexibility in accessing qualified retirement plan balances. The CARES Act waives the 10 percent tax penalty for taking early distributions from qualified retirement plans, including IRAs and 401(k)s, for distributions up to \$100,000 taken during 2020. The reported income from the distribution can be spread over three years for tax purposes or repaid within three years to avoid taxation. In addition, the loan maximum has been increased from the lesser of \$50,000 or 50 percent of the vested account balance to the lesser of \$100,000 or 100 percent of the vested account balance for loans stemming from COVID-19.

Back in December 2019, the passage of the SECURE Act created opportunities for actuaries to advise plan sponsors on adding lifetime income options to their plans under the new safe harbor guidance and provide input to regulators developing lifetime income disclosures. The environment is much different now, with millions of jobless claims and furloughs, especially since the beginning of March 2020. This “new normal” has brought many new challenges for retirement professionals, chiefly that funds employees had set aside for retirement will probably now go toward meeting their current needs. The long-term implications this will have on the overall security of the American retirement system will take years to grasp fully. That being said, there are few other professions as well-positioned



to anticipate and develop creative solutions to address the challenges that lie ahead.

The Retirement Section's Defined Contribution Initiative held a face-to-face meeting last September with team members and invited guests to identify opportunities in support of the initiative's mission.

## DEFINED CONTRIBUTION INITIATIVE MISSION

Create a robust actuarial career path in the retirement and/or investment fields by establishing a broad and holistic view of retirement systems that includes defined contribution plans. Support and enhance actuaries' ability to design, administer, and consult on all facets of defined contribution plans. Promote awareness outside the profession of how actuaries can provide significant value to all parties involved with defined contribution retirement programs.

In follow-up to the meeting, four areas of focus are being pursued:

- **Enhance Visibility:** Enhance the visibility of actuaries for DC plans through speaking engagements and press opportunities outside the profession.
- **Financial Advisors/Financial Planners:** Identify actuaries working as financial advisors or financial planners. Through

a focus group, identify how they are using their actuarial skills; establish a baseline for how many actuaries are active in these fields and measure progress towards expanding the involvement of actuaries in these fields.

- Education: Develop educational material for actuaries to provide a better career path: topics could include investments, human capital theory, and decumulation phase tasks. Utilize webcasts, articles and podcasts.
- Research: Build upon SOA research: summarize existing reports with a DC focus, create tools, expand distribution and circulation of results.

The DC Initiative recently launched a [resource page for defined contribution topics](#) accessible through the Retirement Section webpage. On this page you can find:

- Information about SOA research on defined contribution plan topics
  - » Access to defined contribution research reports in one convenient location
  - » Summary of research reports provides a quick guide to content
- Links to podcasts on defined contribution topics
  - » Actuaries working with DC plans: how their career path took them there

- » Designing DC plans to attract, retain and manage workforce
- Schedule of upcoming defined contribution webcasts
  - » Managing Decumulation - How to “pensionize” a 401(k) plan; June 10, 2020; 12:00–1:30 p.m. Eastern
  - » How DB Plans Affect DC Plan Design; Aug. 27, 2020; 12:00–1:30 p.m. Eastern

The Retirement Section has a [LinkedIn page](#). Please join the group (SOA Retirement Section), see the content that is posted, and help keep the dialogue going.

Are you looking for an opportunity to get more involved? Consider running for the Retirement Section Council. It's a great way to contribute to the profession and expand your network. If you want to find out more about the experience, check out the [Interviews with Past Retirement Section Council Chairs](#) in the 100th issue of *Retirement Section News* published in February 2020. If you are interested, begin by completing an [SOA Section Election expression of interest form](#) by May 29. You can find additional information on the [Section Elections webpage](#). ■



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## Become an SOA Section Council Member

Each of the Society of Actuaries (SOA) 20 sections are led by a council of 9–12 elected members. The section council is elected by section members who are typically SOA members. Approximately a third of the section council rolls off each year and new council members are elected.

This is your opportunity to let your voice be heard, make an impact, and help lead your section into the future. To be

considered, all you need to do is fill out the [Expression of Interest form](#) by May 29. If you are elected, you will take office on the last day of the 2020 SOA Annual Meeting & Exhibit, Oct. 28.

Serving on a section council is a unique experience that will give you the opportunity to make an impact in what matters to you. You will be part of a large networking group with other actuaries who, like you, are committed to shaping the future of the actuarial profession. The sections develop a great deal of the continuing education content for the SOA and produce newsletters, podcasts, webcasts, contests and networking events. ■





# Forty Years in the Wilderness

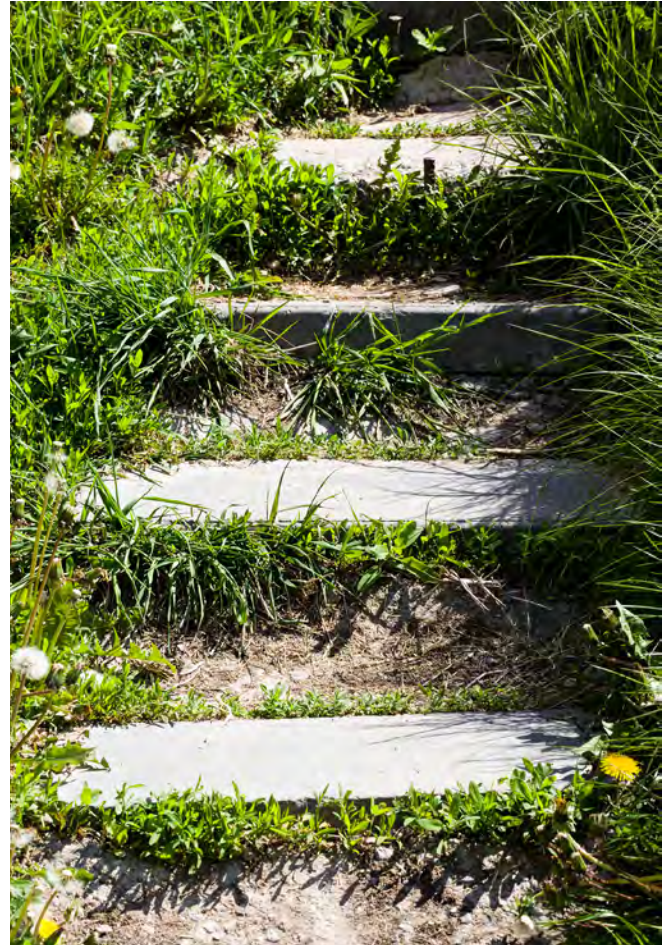
By Doug Chandler

## THE EXODUS

Private sector employers are exiting the traditional defined benefit pension plan domain en masse. The number of single-employer defined benefit pension plans and the number of active participants in the United States began to fall in 1984 and continues to fall steadily.<sup>1</sup> At this rate, there will be no active members left by 2036. The total number of plan participants held steady until 2006 because plan sponsors could not discharge obligations to former employees as quickly as they ended the participation of new employees. The total number of participants is now in decline and the total of pension plan assets has reached a plateau and will soon begin to decline. The situation in Canada and the U.K. is similar.

There are two big reasons for this exodus:

1. As the 30-year Treasury rate fell from well over 10 percent in the early 1980s to under 3 percent in the last few years, the cost of a promise to make a payment in 30 years (the price of a 30-year strip) rose from under 6 cents on the dollar to over 40 cents on the dollar. Basic laws of supply and demand meant that employers started buying fewer of these deferred wage promises to employees than they bought in the early 1980s—even if they were prepared to spend a larger portion of their total compensation budget on retirement income. It was hard to tell employees their target replacement ratio was being cut by 85 percent so the solution was to define the contribution rather than the benefit—to focus on the share of total compensation being directed to retirement plans rather than what it might buy in retirement.
2. The Enron debacle in 2001 exposed the problem of off-balance-sheet liabilities and risks. Analysts, accountants and government regulators reacted by demanding increased



disclosure and investors reacted by discounting security prices of corporations that had these unquantified risks. The largest and most prevalent off-balance sheet-liabilities for North American corporations were defined benefit pension and retiree medical plans.

## LIFE IN THE WILDERNESS

Even with the decline in private sector plans since 1984, retirement plan actuaries have found lots to do, curtailing and de-risking plans and making the best of defined contribution replacements. Work on public sector and multiemployer pension plans continues, since these plans (and their stakeholders) have seemed less sensitive to declining nominal yields and short-term fluctuations in the net obligation. However, we wonder how long this can go on. At least anecdotally, university graduates are less inclined to embark on a career in this branch of actuarial work, out of fear it will dry up.

As we endure a few more years in the wilderness, we should know that part of what we're doing is preparing a new generation of retirement actuaries for opportunities to come.

Misery loves company. If there's a bright spot in our dismal situation, it's that today's retirement arrangements for North American private sector workers aren't going to work. U.S. Social Security will require adjustments. Employees left to manage their own saving and investment choices are being overcharged for simplistic undifferentiated advice and are making bad choices. Employers have no pleasant way to manage the departure of older workers with declining usefulness in a constantly changing workplace. Human resource managers—the established clients of consulting pension actuaries—understand all this, but don't expect the solutions to come from actuaries. They know us as the guardians of their defined benefit pension plans, not the architects of new solutions to their problems.

### THE PROMISED LAND

One day, perhaps sooner than we think, all the defined benefit pension plan members will have retired. Human resource managers will get used to massive severance payments as the natural end to full-career employment. Downswings in the stock market will bring waves of anguish in the workplace while upswings will bring waves of retirements akin to winning in the office lottery ticket pool. There will be no practicing actuarial consultants who ever designed an early retirement window or prepared costing estimates for a plan improvement.

It is difficult to say what employment will look like. Will major corporations rely on contractors, telecommuters and overseas suppliers, with traditional employment contracts reserved for key individuals whose company experience, client relationships and loyalty are the glue that holds the company together? Will legislation, unionization or labor shortages drive labor contractors and app-based service providers to improved benefits and job security for their piecemeal workers? How will artificial intelligence change the Gini coefficient and mix of occupations?

It is not quite as difficult to say what the next generation of retirement savings plans will look like. Where employment as

we know it now persists, employees will be frustrated by high fees, disappointing returns, prohibitive annuity prices, biased advice and investment challenges they don't understand. They will continue to look to their employer for help. Employers will ask what can be done. All options will be on the table—as long as they don't entail DB employee benefit accounting. Persistent low interest rates will continue to make retirement benefits very expensive and so, even though replacement rates and the prevalence plans will be lower than in the 20th century, actuarial liabilities will be larger. That all being said, the actuary's toolkit will still work—risk-pooling, long-term forecasting, liability-driven investing, and professionalism.

Certainly, for private sector employers, the benchmark for new retirement plans will be defined contribution arrangements, not the long-forgotten defined benefit plans of the 20th century. Likely, different employers will find different solutions, depending on their mix of occupations, turnover targets and corporate culture. Some solutions will involve target benefits, longevity pooling and intergenerational sharing of investment risks. Others will involve mass personalization of retirement income planning advice, using big data techniques and employee records. Some employers will see these offerings as an integral part of the value proposition they offer in a hyper-competitive labor market and a tool for defining a unique corporate culture. Others—especially non-traditional businesses—will want to distance themselves from their associates' personal financial affairs, but still using their buying power and expertise to provide access to competitive retirement plans.

There's no point pining for the land of milk and honey. But, as we endure a few more years in the wilderness, we should know that part of what we're doing is preparing a new generation of retirement actuaries for opportunities to come. ■



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### Endnotes

- 1 <https://www.dol.gov/sites/default/files/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan-bulletin-historical-tables-and-graphs.pdf>



# Reboot, Rewire or Retire: Next Steps After Full-time Work

## Part 2 – The Life Portfolio and the Individual Perspective

By Anna Rappaport



This article follows up on [part 1](#) of this two-part series in the last issue focusing on the big picture relative to phased retirement. As the labor force and population are aging, periods of retirement have continued to grow. Many people have an expectation that some work will be a part of their retirement. With each passing generation, fewer people are earning benefits from defined benefit plans. These considerations make it important that we revisit how we retire and what people do after leaving full-time jobs. The last article discussed the relevant questions from the 2019 Society of Actuaries Survey of Post-Retirement Risks and the 2019 SOA Annual Meeting & Exhibit session titled *Reboot, Rewire or Retire: Important Decisions about Next Steps After Full-time Work*. This article discusses the life portfolio and the individual perspective on phased retirement. I am hopeful that it will encourage further discussion among SOA members of issues related to the pathways to full retirement.

An individual perspective on phased retirement can be framed in different ways. Phased retirement is defined in a variety of ways, but I define it broadly to include both paid and volunteer work, to include both work with a current employer or a new employer and to include the same work or different work from that performed at the last full-time job. For the majority of individuals, this will include movement from one employer to another.

I am a phased retiree and I have been studying phased retirement for more than 25 years—first from the perspective of the employer and now from a personal perspective. Often rebooting means the individual is scaling down somewhat and choosing some form of phased retirement. Sadly, institutional support for flexible job

options is scarce. A U. S. Government Accountability Office (GAO) 2017 study<sup>1</sup> focused on employer support for phased retirement and found few formal phased retirement programs. The GAO study presents evidence that many people are working as part of retirement, creating their own phased retirement.

I raise some questions for us as we think about these issues. In the United States, we expect judges, members of congress and symphony conductors to work to very high ages. There is no particular expectation about when farmers or small business owners will retire and how they will retire. But we expect most people in corporate America to leave their jobs in their early 60s, and those in public employment often retire from their long-term jobs at an earlier age. Why do we have these very different expectations about work life and do they make sense?

### AN INDIVIDUAL PERSPECTIVE: PHASED RETIREMENT FROM THE VIEWPOINT OF THE RETIREE

Every individual has their own story. Personal preferences, resources and abilities vary greatly. I have talked with many people about their situations and choices. My contacts include many professional women, retirement professionals and neighbors in a community with many retirees. I have conducted workshops on retirement topics primarily with professional women.

#### My Story

I am 79 years old and an actuary. I retired from full-time conventional employment at the end of 2004, and started Anna Rappaport Consulting. For 28 years before my retirement, I was a retirement consultant at Mercer, a major benefits consulting firm. As a retirement benefit consultant, I focused on phased retirement and business issues for plan sponsors, but I have now shifted to primarily focusing on the viewpoint of the individual.

Since retiring from Mercer at the end of 2004, I have been an active phased retiree. My personal path has included a combination of contract work, writing and speaking, not-for-profit board service, research, and a lot of volunteer work, plus spending time caregiving and building my art and painting skills. I have also talked to a number of others about their own paths, conducted roundtables, and tried to help people think through their retirement journeys.

For many years, I have been passionate about improving the retirement system, helping late career individuals decide how to transition from full-time work to life paths that work well for them, and women's issues. For many years, I have thought about the transition from full-time work to total exit from employment, the steps involved, and the interests of different stakeholders. The projects I choose often involve writing, speaking and research. I have been an active volunteer for the Society of Actuaries (SOA) for 50 years, served as SOA President 20 years ago, and have chaired its Committee on Post-Retirement Needs and Risks since its inception about 20 years ago. I currently also chair the SOA's Aging and Retirement Research Program Steering Committee. In these 20 years, the SOA has sponsored numerous research projects and calls for papers focused on understanding and improving the management of retirement and I have provided a leadership role in many of them.

In addition to my SOA roles, I am a board member and active volunteer for the Women's Institute for a Secure Retirement and an Advisory Board member for the Pension Research Council. I do not advise individuals or plan sponsors about financial or actuarial matters and I do not keep up with current regulations. I do some mentoring and continue to network with people. I am active in the Urban Sketching movement and frequently have a sketchbook with me. I have ongoing family caregiving responsibilities and balance my time between family responsibilities and my own pursuits. I strongly believe that both my continued professional work and my art are very important to my happiness. I have set up my schedule and priorities so that I can pay attention to both.

I wrote more about my story in a February 2019 article published in Nerd's Eye View: "Reboot, Rewire or Retire: Personal Experiences with Phased Retirement and Managing a Life Portfolio." <https://www.kitces.com/blog/anna-rappaport-phased-retirement-life-portfolio-health-people-pursuits-places/>

I wish to thank Michael Kitces for helping me with refining and further developing the life portfolio idea. I have been thinking about the portfolio for a number of years. With his help, the components were much better defined as were ideas about diversification.

## Choices Made by Others

I have talked to others one-on-one and in roundtables for the last decade and more. Individuals make different choices as they reach traditional retirement ages or leave full-time work. Some have given their plans a lot of thought and others have focused little on their next steps. New directions can be referred to as phased retirement, bridge jobs and encore careers. Some common threads from my professional contacts include:

- Some would like to continue working at traditional jobs well into their 70s and some after age 80. Judges, members of Congress and entrepreneurs tend to work to high ages.
- Small business owners have different kinds of choices, including transitioning part of the business to someone else.
- Some senior people seek roles on boards, with a mix of corporate and not-for-profit organizations.
- Others would like to leave traditional full-time roles early and build an independent new role. Corporate employees are much more likely to leave early (and this is often not entirely a voluntary decision).
- Governmental advisory groups offer another option. For example, I and some of my colleagues have served on the DOL ERISA Advisory Council. Some of us have served on Technical Panels to the Social Security Advisory Board.
- Most want to do some purposeful activity.
- Some people are interested in volunteer and not-for-profit roles, choosing activities that are meaningful to them.
- Some people are interested in consulting or starting a small business, but at various levels of effort.
- Some are seriously interested in music or art, maybe in combination with some of the other roles. An interest in art can strictly be a hobby, or the individual might try to sell their art work, secure roles teaching, volunteer for a related not-for-profit, etc.

People in management or professional roles often want a period of professional activity of their choosing before totally leaving such roles. In a discussion with people who had switched roles a few years ago, some were ready for total retirement, and others were thinking about timing. A few never totally leave their professional roots.

Some other examples:

Many actuaries choose to volunteer for the profession after retirement from full-time work. A number choose to do some paid consulting, but often it is different from the type of consulting they did while at a full-time job. Some choose to do expert witness work after retirement.



One of my actuary friends who is an animal lover combines volunteer work for the SOA and volunteer work for PAWS, a group devoted to saving animals. She finds that she can use her consulting background in the work for PAWS.

A nurse who worked in a hospital setting for many years in cardiac and intensive care is retired and now works on a limited basis independently as a health advocate, taking a few people to the doctor and helping them ask questions, etc. She also supports families and patients when someone is in the hospital or nursing home, by visiting them and checking on the overall situation.

A retired neighbor in my Florida community helps people with errands and does some handy person work. I know several people who do a variety of odd jobs for pay within the community.

Another Florida neighbor is a retired music teacher. She organized a singing group within the community and volunteers leading the group and organizing concerts.

Specialized organizations offer tailored contracting and consulting opportunities for retirees. For example, retired professionals who fit the areas of work served by YourEncore, a specialized service to support retirees working, are able to work as consultants on projects in the pharmaceutical, consumer goods and certain other industries. Retired individuals with experience in the areas of insurance, accounting and human resources are able to work at home through WAHVE.

### IMPORTANCE OF HAVING A PLAN B

This article is primarily about the period after full-time work, but there are related issues to think about earlier. In the 2019 SOA Annual Meeting & Exhibit session *Reboot, Rewire or Retire*, Sally Hass, a retirement educator, put on her retirement planner hat. She told us that people planning for retirement very often have an expectation that their jobs will continue to a certain age and that they will have adequate resources at that point. Many things can change. A very helpful but often overlooked part of retirement planning is to develop a personal “Plan B.” The “Plan B” would focus on options that could be used to fill a gap if there is a gap when retirement ages are reached. The “Plan B” would likely focus on continued work, likely on a limited basis, and developing options for continued work. The “Plan B” could also focus on options that can be developed if there is a problem with a long-term job prior to retirement age.

### BUILDING AND MAINTAINING A LIFE PORTFOLIO

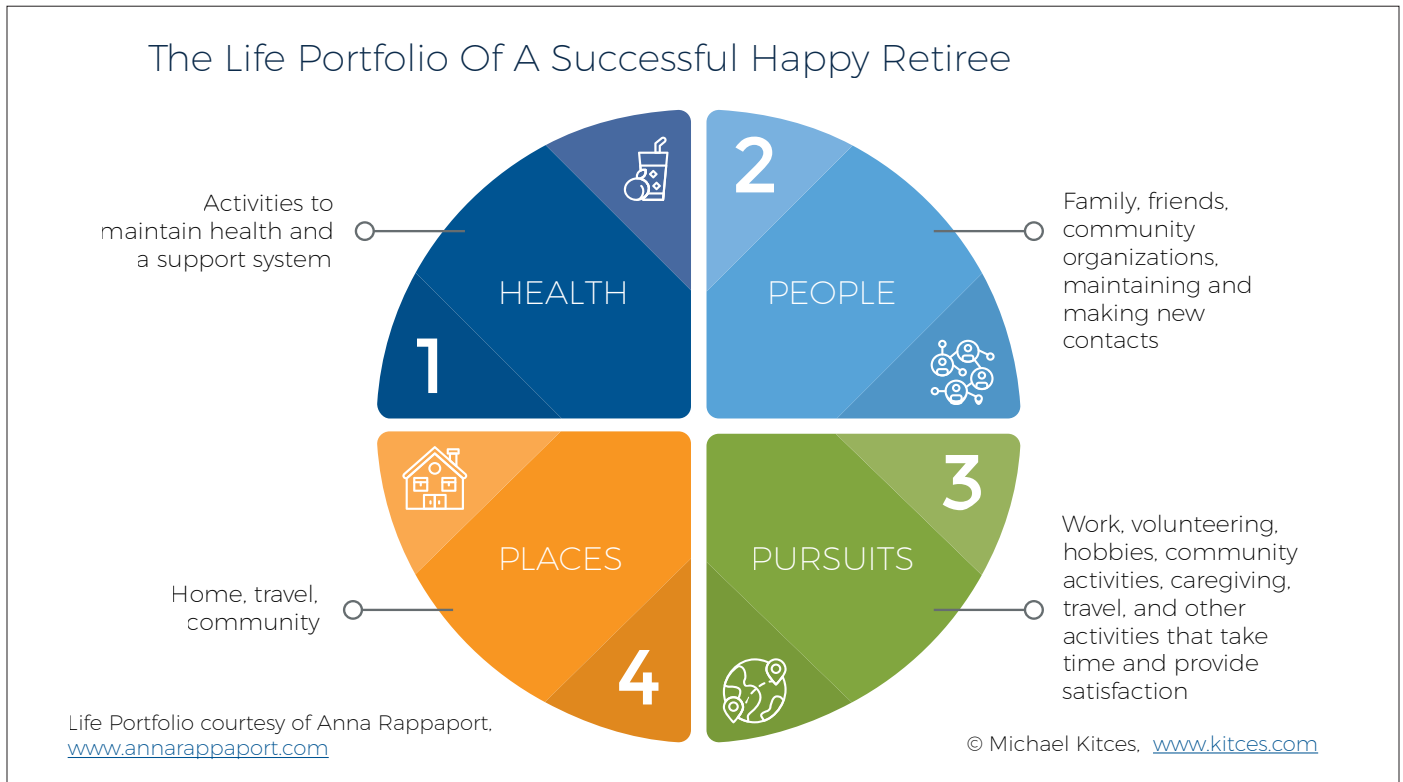
I believe that each of us should have a life portfolio as well as a financial portfolio. Just as a financial portfolio requires focus, diversification and management, so does a life portfolio. However, the strategies that make sense for the life portfolio are very individual, and there are few established tracks for defining and managing a life portfolio.

I have defined four components of the life portfolio:

- Health: activities to maintain health and a support system
- People: family, friends, community organizations, and maintaining and making new contacts
- Pursuits: work, volunteering, hobbies, community activities, caregiving, travel, and other activities that take time and provide satisfaction
- Places: home, community and travel



Figure 1  
The Life Portfolio of a Successful Happy Retiree



The couple developing a life portfolio needs to think about which of their goals are shared, and which are individual to each of them. Bringing the two sets of goals together, and deciding how to meet individual needs, is a part of the planning process. Many couples may each have a life portfolio, and they can have a joint life portfolio that overlaps the two.

### DEFINING INTERESTS AND A LIFE PORTFOLIO

My starting point is finding out what you are passionate about. I believe it is very important to have pursuits that you feel are valuable based on your own values.

Potential components of a life portfolio include involvement with family, paid work, volunteering, travel, hobbies, and the arts. Social engagement is important, and it might be combined with work, volunteering, exercise, hobbies, mentoring, etc.

An important step is deciding whether a paid job and benefits are important. Many of the phased retirees I talk with have an economic security plan in place, but there are a large number of Americans for whom the economic issues are very important. For people seeking a job, think about how much flexibility is important.

For many people, volunteering is an important part of phased retirement. For actuaries and many other professionals, there

are opportunities related to their profession. For people focused on retirement, there may also be opportunities with groups that provide some financial education to others. There are a wide variety of volunteer activities with community and church groups, and arts groups as well. Many people need help and neighbors or friends may help them on an ongoing basis. Some people choose social causes such as animals, help with housing, food pantries, meals, etc. Neighborhood based groups such as the Village Movement organizations may offer a focus on volunteering to help other seniors nearby.

### IMPLEMENTING THE LIFE PORTFOLIO

**Be realistic:** It is easy to have expectations with little chances of reality. Don't use assets that are needed for retirement security for starting a business. Don't start a business with overhead that will be difficult to pay for. However, if you have dreams and a reasonable path to meet them, do the homework and then go for it. My view is that paid consulting assignments are often much more difficult to get than expected.

**Building a brand and using it:** It is important for people in the next phase to find a direction, define what they want to do, and to be able to explain and communicate it. The brand will help the phased retiree in seeking out opportunities, whether for jobs, board positions, volunteer roles, or consulting assignments. For people who have held senior positions or visible roles, there is

a choice between being known as “Me, today” or “Me, former senior executive of XYZ.”

**Use of technology/internet/social media:** Technology has been critical to my life portfolio choices. For example, the professional work I do can be largely done from any location online and by telephone. Access to a good computer and printer is key.

The phased retiree needs a way to tell their story to the right people. Today, thoughtful use of social media often plays a prominent role in telling the story. Individuals vary with regard to their view of the importance and value of websites and social media, and what strategy they choose. For me, an important part of telling my story has been to have a website and a brochure. The brochures were extremely helpful in the first three years to tell people about what I was doing. I also reminded people that I was continuing to be active through periodic update letters to a list of contacts. These letters thanked people for help, told them what I had been doing and what I was interested in.

**Securing opportunities:** Finding opportunities is an important part of meeting one’s goals (and therefore, of implementing the life portfolio). Opportunities most often happen because of seeds that have been planted along the way. It is also important to be able to say no.

**Some practical issues:** As part of my pursuit portfolio, I do paid consulting. However, I have decided not to do anything that creates ongoing overhead, so that there is no pressure to maintain a minimum income stream to cover that overhead. I have made some decisions about what I would and what I would not do. For example:

I limit what I can do to what I can handle on my own and what I feel creates value. I do not do any assignments that provide financial advice to individuals or actuarial advice to plan sponsors about managing their benefits. I have decided I do not want to keep up with laws and regulations and I decided to discontinue my enrollment with the Joint Board.

I need peer review for my work (particularly writing) and I have a network of friends and contacts who have helped me out. In some projects, I have made it clear to the client that they would need to provide the review

Contracting is occasionally complicated, particularly if the organization has standard contracts that also apply to larger firms. Some of the issues that need to be resolved for me include limits of liability, ownership of intellectual property, and non-compete provisions.

## SEEKING PAID WORK

Some people will search for new paid work, either working independently or by finding a job. There are well established procedures for job search generally, but not for the retiree who may be looking for something different. My suggestions for a pathway for those people seeking out paid employment are as follows:

- Start by exploring if there are options with a former employer. This could be either as a contractor, through an outside agency or by being rehired.
- Use your contacts from former jobs, personal networks, alumni associations and professional associations. These contacts are invaluable for either path.
- Decide if you want to capitalize on professional and former job skills. If so, professional organizations may have job help support and there may be services that specialize in placement including for temporary or part-time jobs using your professional skills.
- Decide if you are going to try to work independently on your own or look for a job. Both have pros and cons.
- If the links to your profession do not work out, then I would look at organizations focused on helping seniors find work. Several such organizations are [RetirementJobs.com](#), YourEncore, WAHVE, and Encore.<sup>2</sup>
- Another option is to look at temporary employment agencies and websites.
- If you know other seniors who are working, I would find out what they are doing and how they found work.
- Some seniors I know who do not have regular jobs find a variety of odd jobs in their communities, some doing errands, some driving others (possibly as Uber drivers), some walking dogs, some doing handyperson work, etc.

Note that some people may need some training to qualify for jobs. At the 2019 SOA Annual Meeting & Exhibit, Tim Driver provided some comments about personal characteristics that make people more or less employable. Finding paid work may be challenging. See [part 1](#) in this article series for more about Tim Driver’s comments.

At the time of retirement, we move away from established long-time life structure and obligations, to a period where we choose new activities and have new freedom as we build our own life portfolios.

If I am asked to speak, I try to decide whether I think it is worthwhile, and I generally expect travel expenses to be paid. Depending on the situation and sponsor, I may ask for a fee for speaking.

An individual working independently needs to decide whether to establish an LLC and what types of business insurance, if any, are needed.

**Measuring life portfolio success:** This starts with deciding what to measure against and then how to measure it.

**Time management:** Time management is entirely different than while one is working, but it remains very important. Time management during retirement requires new skills, discipline, the ability to set priorities, and insight into when it is best to say “no.”

**Being prepared for changing capabilities:** Both physical and mental capabilities may change. I believe that it is important to diversify the portfolio and include activities that will be possible even if capabilities change. In addition, family needs place constraints on what is feasible.

**Other observations:** It is important to decide how much overhead is acceptable. For example, I have tried to avoid overhead so that I am not under pressure to earn a minimum consulting income just to support that overhead. I do not have employees or an outside office.

Some support is essential to me, though. Each individual will need to figure out what support they need based on what they are doing and what skills they have.

Sometimes we get diverted from doing what we want to do because of the care and support needs of family members. From my perspective, that is also important. Part of choosing what to put in my life portfolio (or not) is the ability to change priorities when family and personal circumstances change. This can be a very important part of one’s life portfolio, and family support and caregiving can be the biggest commitment for a long or short period.

## PERSONAL GROWTH OPPORTUNITIES

Retirement is a time of transition and for many people, it is a time when they have more choices than they ever had in their lives. Particularly for people with busy careers, time was a major limitation. The retired individual will want to find a portfolio of activities that match their interests, passions, resources, and capabilities, and which will not all disappear if capabilities change. This may require exploration and finding new contacts and activities. In my own journey and in my research, I have learned about a variety of different options.

There are a lot of special educational programs which are designed for seniors. Within less than two miles of my home in Chicago, I found several including an Osher Lifelong Learning Institute (OLLI),<sup>3</sup> a center for Lifelong Learning at a local church, and the Graham School at the University of Chicago. I have heard that Boston and Washington have similar opportunities. The OLLI programs provide non-credit courses tailored to the interest of individuals over age 50. Volunteers are used in the provision of these programs and they are hosted at universities.

Some people decide to go back to school and learn new skills or take up new hobbies. A friend who had spent many lives as an active professional woman is working on a master’s in liberal arts to fill in many of the things she did not have a chance to learn earlier.

The Village Movement is a series of organizations that brings seniors in a given geographic area together and helps them support each other.<sup>4</sup> They offer a variety of activities and I found that joining one opened some new doors for me.

I found the Urban Sketching movement, and that offered me a chance to share my art activities with others and to grow.

Some people decide to seek new hobbies. Many find new friends and contacts. This can be important because if the old contacts were business related, they may still be friends, but it is likely that one will gradually drift away from them.

## TIPS FOR INDIVIDUALS

Retirement can last a long time. It starts with a time of transition. At the time of retirement, we move away from established long-time life structure and obligations, to a period where we choose new activities and have new freedom as we build our own life portfolios. We might need to build or enhance skills in order to work longer, pursue our passions, realize our goals and do the tasks in our life portfolio. If we are serious about pursuing passions and/or longer work, we should be realistic about building those skills and should be willing to invest time, effort and money in doing so.

Here are some tips to help individuals plot their own retirement journeys:

- The first step in the journey is a review of your financial situation. If you need more money before leaving conventional work, try to work longer. Don’t forget about health

- care benefits (especially if you are not yet eligible for Medicare).
- Take steps to maintain your health, including following a healthy diet and exercising. Your vitality, longevity, and effectiveness depend on your physical capability. In addition, diet and exercise can help manage chronic diseases such as diabetes and heart disease and therefore reduce health care costs in retirement.
- Complete any training needed to keep, update, or acquire the skills you want to support your desired activities.
- Don't use funds needed for retirement to finance a new business venture.
- The right answers are personal. It is important to find your passions and choose activities that create value based on your personal values. Take some time to find your path and be prepared to make adjustments over time.
- When you become independent, you can focus on pleasing yourself and not others, and you have your own voice. You can choose independence or affiliation with an organization.
- Keep your spending at a level that lets you make choices. Before spending significant amounts of money, ask the question: What value will this add to my life? A major expenditure may mean limiting your options to reboot or to move to a more interesting, but less lucrative role.
- If you are part of a couple, remember that your spouse or partner may pass away. Have a plan that will work for you while you are with the partner, and later on when you are on your own.
- If your long-term employer offers flexible work options, check them out. Some employers are willing to negotiate arrangements that work well for people, and some bring back retirees to do occasional work after retirement. Most people build their own paths, but do not assume there are no options at a long-term employer without doing some checking first.
- Establish your brand and be prepared to communicate it. Do you prefer to be "Me, today" or "Me, former chief actuary of XYZ"? People I have talked with go both ways, but more are in the "Me, today" camp.
- Think longer term. You may live to 95 or 100, or more. Some activities are sustainable for a few years only, but others can last longer. I personally like the idea of having a "portfolio of activities," some of which can be sustained even if you have limitations.
- Work on your time management skills.

- Pay attention to the details. You will need to function without the support structure you were formerly used to. If you are going to do paid consulting, there are practical issues to deal with including technology, how to get work peer reviewed, contracting, invoicing, protecting intellectual property rights, the possibility of professional liability if something goes wrong, and more.
- Some things require a lot of vitality. Do them now while you can. You never know when limitations are coming.

## CONCLUSION

Population aging is changing our society. Many older workers face challenges as they move beyond age 50, in a long-term workplace, in deciding about next steps, and in finding the opportunities we choose. Many of us leave full-time work with many years of life remaining. Many are pushed into next steps before we are ready. I strongly believe that having a passion and taking steps to realize that passion are important. There are a wide variety of passions and paths to achieve them.

There are no well-established and documented paths for those who are seeking flexible work arrangements and a strong portfolio as we move from full-time work to total exit from work. There are a few organizations to help people find opportunities, and some businesses that offer particular opportunities. However, mostly people are on their own. This article has attempted to provide information that will help people who are seeking new paths find them.

I believe that the future of retirement will include a variety of different paths, and that work at some level will be part of retirement for many people. I hope that more people will share their stories and that as we accumulate stories and ideas that will help others in finding good paths forward.

A reference list on phased retirement is also available. It is included with [Part 1](#) of this two part series on phased retirement.

## ADDENDUM

### COVID-19 and Reboot, Rewire or Retire Issues

The article was written well before I knew that the COVID-19 pandemic would have a major effect on the economy, jobs and equity markets. At this writing, it is too early to tell where this will end, or how deep and long the market drop will be.

However, it seems clear that many workers will be dislocated and that some of them will be nearing retirement ages. It also seems likely that many people will use some of their retirement savings to get them through the COVID-19 challenges. This will likely mean that the issues raised in the article become much more important to the individual. In addition, the challenges in

finding paid work may become much greater and the premium placed on adaptability and technology skills will also increase.

After the Great Recession, many workers wanted to work longer and retire later. This is also very likely after COVID-19. With the decline in DB plans that encourage retirement at particular ages, this may be even more true. I expect challenges related to how and when people retire, and how they can continue to earn money during retirement to be major societal issues after the COVID-19 pandemic. How important they will be remains to be seen. ■



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## Endnotes

- 1 GAO, *Older Workers: Phased Retirement Programs, although Uncommon, Provide Flexibility for Workers and Employers*, Report-17-536
- 2 *RetirementJobs.com* matches individuals with opportunities. YourEncore and WAHVE are contracting companies that match individuals with projects and assignments in client companies in specialized areas. YourEncore is a consulting organization bringing experts to assignments in client companies in specialized areas. WAHVE is Work at Home Vintage Experts, and they are a contracting company with a wide variety of jobs with different specializations in insurance, accounting and human resources. Encore.org brings together organizations and individuals interested in doing good for society in encore careers. It has a variety of programs, offers fellowships and prizes, and resource materials for organizations and for individuals seeking encore careers.
- 3 These programs can be found on 124 campuses in the U.S., at least one in each state. <http://www.osherfoundation.org/index.php?olli>
- 4 There are 240 villages in existence today and about 100 under development in 41 states. To learn more about this movement, see [https://www.vtvnetwork.org/content.aspx?page\\_id=0&club\\_id=691012](https://www.vtvnetwork.org/content.aspx?page_id=0&club_id=691012)



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