

Gauging Your Psychological Readiness for Retirement

Those near retirement should ask themselves a very important question: Am I psychologically ready to change my lifestyle from being employed full-time to being retired?

It's a big question that often does not receive much attention. Rather, most of the focus on retirement readiness centers on savings. Workers are commonly told to ensure that they have enough money saved to adequately cover their lost wage income. (A rule of thumb is for Social Security benefits, pension plan payments and first-year portfolio withdrawals of 4% or less of savings to cover 73% of preretirement income.)

Yet, retirement not only has a big impact on one's finances, it also dramatically alters a person's day-to-day lifestyle. Failure to take potential lifestyle changes into account and plan for them accordingly can lead to an unsuccessful retirement. This is why Claremont McKenna College professor Ronald Riggio suggests asking four key questions before retiring.

1. Do you enjoy your job? Think about how much meaning and purpose you derive from your current job. Riggio says it is unwise for those who truly enjoy their job to retire without having a new activity offering the same level of passion and satisfaction. An example may be becoming a full-time volunteer with an organization in which you can make a difference.

2. Are you seeking retirement because your job is stressful? If stress or dissatisfaction with your current job is the reason you are contemplating retirement, what you may really crave is a new job and not retirement. This would be particularly true for those who are working types as opposed to leisure types. Riggio says the decision to retire "is about what you value."

3. How dependent is your social life on your job? Retirement can be hard for those whose friends are primarily colleagues or business partners. Similarly, those with careers that involve a considerable amount of personal interaction may find it difficult to make an abrupt shift to a "traditional" retirement lifestyle. It can be better to postpone retirement while developing a social network outside of work.

4. Are you psychologically prepared to retire? Riggio advises realistically considering what your life will be like in retirement before you retire. He suggests thinking about what activities you are currently and passionately involved in since it may be unreasonable to expect that you will suddenly develop a passion for a new activity right after you retire.

Source: "*Are You Psychologically Ready to Retire?*" Ronald Riggio, *Psychology Today*, January 9,

2015.