



## TenBridge Observations

### **The decision to retire early and its implications on health**

By Erik Lawrence CFP®

Retirement is a time when we can enjoy the results of our life long labor and take each day as it comes. This will mean the absence of work, changing careers, a part-time job or simply doing what we really love. It is a transition and a rite of passage, a coming of age and place of honor.

Early retirement is all the buzz and many people like to aspire towards this aspirational goal. It is a sign of success and hallmark of good planning. But some research shows it can lead to a shorter lifespan. It has been discovered, people who retired at 55 had almost twice the risk of death compared to people who retired at 60 (Stibich, 2018).

Some employers are even nudging workers toward early retirement, trying to entice people with generous offers and incentives, whether in the private or public sector. A survey by the Hudson Employment Index showed 15% of workers reported their firms encouraged older workers to retire and 26% of workers in the public sector reported retirement is actively promoted (Dave, Rashad, Spasojevic, 2006).

However, peeling back the layers of research shows a more complex picture of causality which is worth discussing and considering.

On the surface a case can be made retiring early leads to younger mortality, but drawing a direct link would be questionable at best. There are so many contributing factors, it is wiser to draw conclusions from the commonalities between the studies rather than the absolute outcomes.

“Every day the increasing weight of years admonishes me more and more, that the shade of retirement is as necessary to me as it will be welcome.”

— George Washington





There were two common contributing factors I discovered in the research worth mentioning and discussing here. One is interpersonal relationships and how retirement affects these in men and women. The other, is the concern for financial wellbeing associated with retirement. Both are common threads through many studies regarding early retirement, and both are important contributing factors to life expectancy.

An interesting outcome from studying this topic is the results did not apply equally to men and women. In fact, early retirement had no impact on women's life expectancy, only on those of men. Why is this? One of the primary reasons is interpersonal relationships.

For example, when women retire they more often fully engage in their social circles. They may attend book club meetings more often, hang out with their friends more, engage in new sports or hobbies, and find other social activities to fill the void.

Men tend to do the opposite. They often disengage from their social networks. They are less likely to be more involved in social circles or to maintain deep interpersonal relationships. Men may continue with or engage in new hobbies, but they tend to be less social in nature.

There is much thought as to why men do this, but one theory is men associate the work environment with their identity, it is the hub of their social activity. Then when they retire, it leaves a void they do not fill. For women, work can often be viewed as an interruption to their social lives. For some men, it is their social life.

Interpersonal relationships are a huge contributing factor to life expectancy. Being engaged with others in meaningful relationships has a tremendous impact not only on how long we live, but on how well we live. Patrick Skerrett from Harvard, in his article "Is Retirement Good for health or Bad for it?" wrote, "You don't just retire from a job – you retire from daily contact with friends and colleagues. Establishing a new social network is good for both mental and physical health".

The implications for financial planning are this, during the budgeting process we need to plan for social interaction. Whether it is a weekly golf outing with friends, a monthly dinner with family, or a spontaneous quarterly vacation with a group of fellow retirees. It is all part of the planning process working to build a plan that allows you to live a longer more fulfilling life.



Another impact on life expectancy is worrying about financial wellbeing. Planning for a 30-year retirement (65 – 95) is daunting and it can be a scary proposition for anybody. But planning for a 40-year retirement (55 – 95) only makes prediction harder and the outlook less certain. Imagine the stress of jumping into a long retirement without working through a formal financial plan with your certified planner.

In a study conducted by the Social Security Administration on the “Behavioral and Psychological Aspects of the Retirement Decision”, Melissa Knoll wrote, “a financially suffering 85-year-old retiree cannot make up for the inaccurate affective forecast of his or her 62-year-old, relatively wealthier self.”

Referring to when a person claims social security benefits, she concluded if retirees do not consider what the state of their finances will be in their 80s and 90s, they will not fully realize the importance of timing their social security benefits and possibly delaying them as long as possible. The implications are clear, accurate planning is very important.

Being in a secure place financially where we feel comfortable with our budget and understand the longevity of our finances, is very important to quality of life while retired. Several studies have shown insufficient financial resources are related to lower life satisfaction and subjective well-being (Asenova, 2014).

Money is often the cause of stress; in life and in relationships. Stepping out of the workplace to live on what you have saved, causes a healthy amount of anxiety. Working through a financial plan can help tremendously to alleviate this worry and continuing to check in on the financial plan throughout retirement provides greater peace of mind.

An often-cited study called the US Health and Retirement Study (HRS) concluded retirees who use increased leisure time to optimize health, who maintain good social contacts, who continue physical activity, who have good health insurance, and (believe it or not), those who live in countries with universal healthcare – have better health outcomes post retirement.

“The timing of retirement should be flexible, dependent on the person’s preretirement health, finances and ability to maintain social contacts. It should not be determined solely by chronological age” (Weir).



Whether it is interpersonal relationships or having enough money, one thing to consider, is finding something we really love to do and retiring to it. An activity to keep us engaged and connected to social circles or possibly to earn extra income.

Nikki is 86 years old and she is one of the most vibrant and active retirees I know. She says she lives by the motto “*always look forward with hope*”, and to know Nikki is to know, she lives by it. One suggestion she has for retirees is to save something you really want to do for when you retire. It is good advice.

Staying active socially and physically has the tremendous power of keeping us alive. Planning to be actively social should be part of the budgeting process in financial planning, and planning for a financially stable long retirement should be fundamental to working with your Certified Financial Planner™ Practitioner.

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Planning is central to everything we do. With three Certified Financial Planner® practitioners on staff, our focus is on a complete understanding of a client's and potential client's needs through the financial planning process, before we move forward with anything else.

The bridge symbolizes our mission and how we fulfill that mission. There are many bridges in Portland, our hometown, and each of them is a way to get from here to there. Which one you use depends on just where you want to go.

In a world increasingly focused on numbers, we see individuals. We see their aspirations and concerns. And we see a fiduciary responsibility to help them plan for an thrive in an often unforeseen and challenging future.

We are about people.



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