

# Making a career transition to retirement

Aging populations are a global phenomenon. It is estimated that the global population of individuals over age 60 will grow from 12% to 22%, by 2050, primarily as a result of increasing lifespans.<sup>1</sup> Every day, 10,000 American baby boomers reach their full retirement age of 65 and it is estimated that by 2030 all boomers will be age 65 or older.<sup>2</sup>

The aging of the population is creating serious conversation around the topic of retirement as individuals try to figure out if and how they would like to transition from their primary careers into a retirement period that may be much longer, and different, than those experienced by prior generations.

The decision to retire has become more complex as a result of the elimination of guaranteed pension plans, the greater need to provide for aging family members and adult children, and the increased length of the retirement period. The pre-retirement process is difficult for many as they consider these issues as well as how to replace the fulfillment, achievement and social benefits derived from their career. Such difficulty often triggers anxiety, which may lead to depression, and limits the probability of success in retirement.

If you are thinking about making a career transition to retirement, below are a few steps you should consider:

## Step 1: Develop your financial self-efficacy

Financial self-efficacy is the belief that you can achieve and succeed financially. Although you may have the financial resources to retire, a lack of confidence regarding your ability to financially succeed in retirement can lead to anxiety that may limit your fun and enjoyment during this exciting stage of life. Research studies show that financial planning plays a key role in developing financial self-efficacy, which positively contributes to retirement confidence and well-being.

## Step 2: Develop your retirement identity

We spend our early and middle age years developing skillsets and building our work identities. Working Americans spend more time engaged in their careers than any other activity. Over time, our personal and professional identities become tightly woven together. Your community frequently knows you as a physician, accountant, teacher, or employee at a certain company.

The immediate disconnection of work identity can be challenging for individuals who do not have other avenues to achieve recognition and develop psychological success. Careful consideration should be spent in the retirement planning process thinking about what you would like to be or do over the next 20 to 30 years or even beyond. When planning, open yourself up to possibilities that you find rewarding such as starting another career, returning to school or expanding a hobby. Do not limit yourself to the stereotypical activities associated with retirement such as fulltime travel and leisure, unless they are activities you really enjoy.

## Step 3: Further expand your social network

Work has several non-financial benefits, such as socialization. At the end of a 25+ year career it is common to have a meaningful part of your social interactions come through work affiliations. When you retire, your friends and colleagues may not be as accessible due to their own career demands.

Prior to retirement it may be helpful to develop social relationships that will provide you with meaningful activities during your new free time. Also, because individuals are living longer, it is important to develop social relationships with people in different age cohorts. Individuals in your cohort may make different lifestyle decisions in retirement such as relocation. Younger friends may be a source of social stability given their stage in life. You may also mutually benefit each other through informal mentoring as you pass on wisdom and they keep you current with technology.

## Conclusion

In conclusion, the decision to retire involves a myriad of life style changes, challenges, and opportunities. Comprehensive financial planning, the ability to define your “new self” outside of a work environment, and the ability to develop new social relationships will all impact your successful transition from your career to your new adventure in retirement. Your Mesirov Wealth Advisor can help you talk through these important considerations as you begin pre-retirement discussions.

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1. <https://www.who.int/news-room/fact-sheets/detail/ageing-and-health#:~:text=In%202020%2C%20the%20number%20of,from%2012%25%20to%2022%25>

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