

RETIREMENT OR REWIREMENT?

**(Practical Considerations
For Retirement)**

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PRESENTED BY:

Rosita Guy

Dip. I.R., Cert. I.R., Cert. Sup. Mgt., AFHRINZ

Principal

Rosita Guy Associates

Christchurch

“Age is a Number and mine is unlisted”

For the first time in human history a generation of people who have completed the traditional span of paid work can look forward to another ten, twenty years or more of healthy living. To make the most of this extra time and assist in meeting the costs of retirement, they will need to have access to sufficient income before they leave the paid workforce.

In retirement people still want to lead a meaningful life with the same needs of those still in the workforce: social contact, adequate income and a sense of worth.

“The best time to think about your retirement is before the boss does” Unknown

The Importance of Work

Work is, for many people, the centrepiece of our lives as it almost always defines who we are, where we go each day and the rewards that a successful working life offers us:

Home	Financial Freedom	Holidays
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For years we prepared ourselves for work and then structured our lives around work. Our daily life has been made up of defined goals, schedules and routines in work whether paid or unpaid.

What we have not prepared ourselves for is a life without these perimeters and therefore how to adjust to the flexible life which retirement or a change from the workforce brings.

Retirement changes a person’s role and this has an effect on one’s identity.

This workshop will deal with those who have not thought about planning for retirement as well as those anticipating retirement in the future.

An important factor in this seminar is not to define retirement as occurring at the traditional age of sixty five (65) years of age. For years this has been the case because of the eligibility to the National Superannuation Benefit.

AGEING AND RETIREMENT

Facing the Fear

There is much confusion regarding the connection between ageing and retirement.

In past generations there has been a close connection between the two states. These states are now known as the Third Age and it can be associated with continuing physical and mental stamina and vigour.

There are many reasons why people fear ageing and the association with retirement. These are detailed below:

Loss of Self Respect:

Having a role in the paid work force defines our place in society. With this is the importance of self-esteem, acknowledgement of our place, our position or the reputation of the organisation for which we work. So with the possibility of it being removed goes a sense of loss and all the feelings associated with this loss i.e. self-respect.

Loss of Job Satisfaction

Work in the paid work force gives us recognition of our worth and our place in a community and society. Work gives us a sense of purpose, achievement when problems are overcome. It is satisfying to us and to others as it enhances the important elements of self worth and self-image. Often when retirement looms there is the sad feeling that these will disappear hence another sense of loss.

Loss of Companionship

Work fulfils an important role of providing regular association with people and we are all social beings generally speaking.

During the working day we meet:

- customers/clients i.e. parents and children
- work colleagues
- suppliers
- fellow professionals

Financial

This is the “Big” one for many people. We are known as the “Squeeze Generation”. We are the generation which appears to be hit at all angles: medical insurance, school expenses, student loans, children staying at home longer, superannuation savings, more taxation, care of grandchildren, care of elderly parents, etc.

Relationships

The time spent at home can be very sudden if there has not been a gradual move from full time work to no work at all.

The territorial rights of the home can be sorely tested.

The traditional role of one spouse/partner at work and one spouse/partner at home is affected by a dramatic change. Instead of two days a week together full time it becomes seven days. What a thought some would say!!

What Are the Benefits and Opportunities of Retirement and the Absence of Work?

- absence of work stress
- freedom from the demands and instructions of managers
- no more commuting, early morning and late evening travelling
- allows time for self development
- allows time to add to qualifications
- allows the pursuit of past or new leisure time activities
- allows one to undertake volunteer work or community activities
- allows us to spend more time without spouse/partner
- allows more opportunities to travel
- give us the opportunity to make new friends or time to spend with old friends
- gives one the chance to start a new career or a business

Planning should include the following elements:

- health and fitness
- finance
- relationships
- one’s residence and the home front
- use of time

HEALTH AND WELLNESS

New Zealand Baby Boomers see health as their key to vitality. The baby boomers want to still rock and roll however depending upon how they have treated their bodies; can the bodies keep up with the mind?

*'I keep fit. Every morning I do 100 laps of an Olympic sized swimming pool in a small motor boat
Peter Cook, British actor and comedian*

The single issue worrying more than 66% of Baby Boomers is the preservation of their health and vitality. Baby Boomers do not see any reason why they should feel less vital and energetic as they get older however nearly 70% do not feel confident that the New Zealand health and social welfare system will be able to support them as they age.

Baby Boomers' main concerns relating to health:

- Getting sick and frail
- Losing ability to live independently
- Losing mental sharpness
- Being short of energy and vitality

The Health Impacts of Working beyond Age 65

In a New Zealand report that explores the economic potential of boomers the findings include the following:

- Working beyond the traditional retirement age can have many positive effects on an individual's health and wellbeing, with the mix of effects depending on the individual's circumstances, the job and the workplace.
- Older adults continuing to work part-time after stepping back from full-time work is associated with fewer major diseases and functional limitations and higher satisfaction with retirement, compared to those who have fully retired from work.
- Studies also show that if this "bridge employment" is in the same career field then it has an even stronger association with improved mental health.
- Choice or control over work transition is also seen to influence a person's health and wellbeing in retirement. Studies show that older people who work in low-stress jobs with the hours they desire experience better health.

New Zealand research shows that health status is a key factor in determining how long people remain in the workforce. What we do know is that workers aged 65 and over have higher rates of work-related claims to the Accident Compensation Corporation (ACC) than any other age group (though the relationship between New Zealand Superannuation and earnings-related compensation limits both being paid simultaneously).

Some questions to ask yourself:

Is my body working well enough for the life I want to lead?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Have I incorporated good living practices in my daily routine?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do I undertake regular exercise?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Is my drug use minimal?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do I have a moderate intake of alcohol?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do I have adequate exposure to the sun?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do I have good nutrition in my diet including nutritional supplementation?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Check out the Active Smart website for ideas and action plan <http://www.activesmart.co.nz/>

“Have everything in moderation except fish, vegetables, sex and laughter.” Dr. John Tickell

Considerations for Improving Health and Vitality

1. Improve the nutrient value of food intake, Multivitamins, Antioxidants, Selenium, Calcium/Magnesium and Omega 3 & 6 oils either through fresh home grown vegetables or supplements.
2. Review your diet: a good breakfast every day, drinking plenty of water, moderate alcohol intake, nutritious meals including regular lunches and snacks.
3. Purchase nutritional supplements made to pharmaceutical standards –Compare products manufactured for the NZ Market – see the Comparative Guide.
4. Take holidays regularly throughout the year; every year.
5. Take regular breaks throughout the working day particularly when working with computers, machinery of any sort within closed environments.
6. Obtain a reasonable level of Vitamin D through sunshine or a supplement.
7. Incorporate gentle regular exercise into daily/weekly routine: ½ hr to get cardiovascular going at least 5 times per week e.g. walking, swimming and cycling.
8. Pampering – massage, facials, reflexology and regular hair cuts
9. Mental Health – reduce anxiety and worry which can lead to stress about life – can result in: increase in weight, depression, lethargy, lack of self-esteem

‘If I had known I was going to live this long,

I’d have taken better care of myself’

Eubie Blake pianist & composer

MONEY MATTERS - FINANCE



**Friends and family
are not always the
best advisors**

Choosing a Financial Advisor

Check for qualifications:

- CEP: Certified Financial Planner
- A member of FPIA: Financial Planners and Insurance Advisors Association of
- A member of SIFA: Society of Independent Financial Advisors

See Sorted for advice: <http://www.sorted.org.nz/home/sortedsections/investing/advice-checklist>

Capital: How much will I have i.e. what do I possess in real money terms?

E.g. bank accounts, investments, life insurance policies, residential property

Income: This is the stream of income, which comes to us over a period of time e.g. wages, interest on investments, rent from property

You can convert income into capital and also capital into income by spending it or purchasing annuities. Good financial advice in these matters from a qualified advisor is recommended strongly.

During one's retirement income may include:

- interest from investments
- part-time work
- self employment
- residual income
- a retirement pension from one's company and/or the state

As an indication as to a person's entitlement under New Zealand Superannuation, consult the following link:

http://www.workandincome.govt.nz/manuals-and-procedures/deskfile/mainbenefitsrates/newzealand_superannuation_tables.htm

Expenditure Considerations

Consider the lifestyle you desire; do you have expensive pleasures? Yes No

Your present lifestyle orientation

Which am I?

- I enjoy it while I have it, the future will take care of itself
- I plan and save for a safe and secure future
- I tailor down my lifestyle so that I can still enjoy life but also have peace of mind of saving for a secure future

Your future plans will depend upon your attitude to the following 4 statements:

- I am self sufficient and shall take care of myself thanks very much
- I paid my taxes and shall rely on the state to take care of me
- I regard my children as having a duty to care for me, I've cared for them
- I do not want to be a burden on anyone

Economies:

There will be economies, which will occur during one's retirement where there will not be the requirement for some expenses:

- clothing and other expenses particularly business related
- lower tax compliance
- reduction because of age e.g. pensioner's rates
- transport: one car, public transport

Risks:

There will be risks, some of which are unknown at this stage:

- **Inflation** - will N.Z. maintain a low inflation rate?
- **Health** - increase in premiums for private insurance as one ages
- no guarantee that the public system will deliver depending upon how you have looked after yourself
- the requirement of expenses associated with health care
- adequate provision both short and long term
- **Life expectancy**- look at your health status as well as the longevity of older members of the family

What is your Retirement Income Target?

Prepare an Investment Plan. Consider the following when collecting information for an Investment Plan.

- A. Your risk profile
- B. An assessment of what you are worth now – your net assets
- C. A calculation of what level of income you want when you retire

What expenses do you need to consider before full retirement?

Consider the following:

• food and consumables	• heating, lighting etc.	• car and travel
• clothing	• rates	• insurances
• phone, fax, internet costs,	• Sky TV	• household expenses
• house & garden maintenance	• other	

The Retirement Commission provides an excellent online calculator which you are able to save and revise from time to time. <http://www.sorted.org.nz/calculators/comprehensive-retirement/>

Legal Matters

The impact of not putting your legal affairs in order can be significant for you, your spouse/partner and for your family. It is important that you know how your financial and personal situation would be affected if your relationship were to end or one partner becomes incapacitated or dies.

Some questions to ask:

1. What do you both want and expect from your financial plans?
2. Do you and your spouse/partner have a superannuation scheme?
3. What happens to the scheme if you or your spouse/partner dies? Will the other partner continue to benefit from the scheme?
4. What happens to your assets (cash, investments, home etc) if you are separated by death or otherwise?
5. Do you have life insurance or income protection (in case you or your spouse/partner is unable to work and who owns it)?
6. If you share a mortgage, will payments be covered by mortgage or life insurance if your spouse/partner dies?

5. Are there any debts for which you are liable or could be liable?
6. Do you have enduring power of attorney in place should you or your spouse/partner loses the capacity to make decisions for yourself? (Financial Matters and Care & Welfare)
7. Do you have an updated will which is current?

Legal Considerations:

- The inheritance for children and step children
- Making and updating of wills including a living will
- Organ donation
- Setting up Trusts (property, grandchildren, education)
- Buying/selling property (downsizing)
- Estate administration
- Enduring power of attorney (financial matters and health & welfare)
- If the relationship breaks down what happens, prenuptials, children etc
- Pre-paid funerals
- Advanced Care Plan
- Digital Assets

Considerations if you are self employed or operate a business.

	Yes	No
1. Do you or your spouse/partner have a business?		
2. If yes, would the remaining spouse/partner be able to continue the business as a viable concern?		
3. Are you self employed and your spouse/partner is in permanent employment as an employee?		
4. If yes, would the remaining spouse/partner be able to earn a reasonable income to sustain your standard of living?		

Obtaining independent legal advice would be the best recommendation in order to ensure your succession plans are in place and are fair to both of you and for your family.

Future Earning Options

Continuing Paid Employment

This may be a necessity in order to meet financial obligations, unfulfilled dreams or for one's own identity or self-esteem.

Below are some considerations.

Continue to work with your employer using skills acquired over a long period of time in the same or a different capacity; be prepared to discuss this at your performance and development review meetings when discussing personal goals alongside the organisation's goals

casual employee	when the organisation needs extra staff for peak/busy times or staff absenteeism
trainer/coach	passing on your skills to the next generation of employees and to assist in succession planning
part time or job share	shorter hours or splitting the role with another employee
contractor	for special projects as a consultant to the organisation

Self Employment

So as stated there are many reasons to continue working either in the same profession or to create an *Encore Career* which often entails working for one's self.

Options for a Business

Do you want to turn a hobby or interest into a business?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do you want to use your acquired knowledge and experience to start your own business?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Do you want to do something different from what you have been doing for many years?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Then ask yourself what is my point of difference so that I can be successful in my business?

Considerations

Set up costs - funding	Ongoing costs	Clerical administration
Staffing (legislative requirements)	Business & Staff advice	7 day trading

Becoming a Consultant

This will require a strong network preferably one which is already in existence.

You will also need:

- to be clear about your specific area of expertise
- be clear about the niche market you will target
- to have good marketing skills to promote yourself

Become an Agency Employee

Executive leasing or temping is a popular method organisations use to outsource requirements. You work as a “temp” working on a project, which can be of varying time frames and can be full or part time in hours per week.

Taking on a New Career

Encore Careers allow people the opportunity to take on a new career e.g. turn a hobby or interest into an income producing project. There can be three approaches to this.

- **Career Recyclers**
Build on your current expertise in one field and transition to another. E.g. a truck driver becomes a driver for the disabled.
- **Career Changers**
Pursue a new start. Retrain and pursue an interest they have always wanted to follow. E.g. retrain as a teacher, nurse, social worker and childcare.
- **Career Makers**
Work out how to take a lifelong interest or hobby and turn it into a job e.g. photography, digital design, tour guiding.

Operating a Franchise

Franchising is a method of marketing and distribution where a company (called the franchisor) expands nationally or internationally by granting a person or company (called the franchisee) the right to operate a copy of its business in another geographic area. The right will usually include the ability to use the brand name, the business system and the know-how of the franchisor.

The franchisor gains income from initial and ongoing fees paid by the franchisee. In return, it must provide a variety of services to encourage the continuing profitability and growth of the franchisee's business. Franchisees invest in setting up the business in their own areas and are the owners of their

own businesses. They receive their income from successfully marketing their products or services under the brand name of their franchisor.

Network/Direct Marketing

This system is used by many reputable companies today as it works on the basis of word of mouth recommendations. Known as individual franchise ship, direct marketing or network marketing, the industry has changed dramatically in the last 10 – 15 years from the methods used 30 years ago. It is now taught to degree status at the Harvard School of Business.

Network marketing is legal when:

- distributors earn commissions based on product sales not recruitment of new distributors

Recruitment is legal when:

- it leads to the increased volume of sales of consumable products

A company moves product to people through Associates involved in selling products through person-to-person recommendation. The chosen company should belong to the Direct Selling Association which gives an assurance a legal marketing system is being used.

The main reasons for this type of enterprise being popular are:

- the tax advantages
- the smart use of leverage
- residual income and
- being able to work it as a home based business

Setting yourself up in a business such as this allows you to earn income in the future consistently for the work you do today (residual income)

As an employee you are taxed according to what you earn. With a home based business no matter how small, you can claim any expense related to the business legitimately. This then affects the income upon which you are taxed.

This includes:

- Rates
- Vehicle
- electricity
- stationery etc.
- telecommunications
- home office

It is then a very wise move according to many financial planners to have a home based business. By building a team of people as your partners, each doing a percentage of the work, you then reduce your percentage of actual work.

When looking at a direct marketing company considerations need to be:

- follow the trends e.g. baby boomers, the health & wellness industry
- can you get tax incentives?
- does it have a solid background of training and support for the new business person?
- is the product one the client needs on a regular basis?
- what is the quality of the product and its distribution system?
- is the company credible?
- who is behind the company ? Do they have integrity, a vision?
- undertake due diligence e.g. compensation plan for the efforts of the individual

It is a very different from the business, which came to New Zealand 30 years ago therefore needs to be considered in light of today's environment of high touch; high tech where one can do business in a global market using the Internet and social networking.

“I would rather have 1% of the efforts of 10 people than use 100% of my own.”

Paul J. Getty

RELATIONSHIPS

There are three main categories to consider in retirement relationships:

- our spouse/partner
- the rest of the family; immediate and extended
- our friends/colleagues

Retirement is a very testing time for many marriages and partnerships. Difficulties arise when one party has had full responsibility for the home and now two people will be spending more time in each other's company.

Often the retired partner substitutes his/her former occupational role with a domestic role and this affects the domestic partner who has an established routine. It pays to discuss the reassignment of home and garden tasks in order to establish the new or existing territories of each partner.

Determine:

- what tasks and responsibilities each of you like to do
- what tasks and responsibilities each of you do not like to do (decide to share these)
- what skills does each person have
- what skills can be taught so that each person could be self sufficient if the other person was incapacitated

For the Single Person

- reassess who are your very close circle of friends from your acquaintances
- reassess you family
- who would be appropriate to call upon
- establish these links so that you do not feel guilty when you need them and you have not communicated for a long time
- establish the correct relationship of tasks done for love and those for which a reward is appropriate as not always a monetary one necessarily

Children Still at Home

Today's trend shows children staying at home longer because of the expense factor and often when they do leave they return more readily again (the Boomerang Generation) necessarily because of financial difficulties or broken relationships or things are better at home with the higher standard of living their parents have achieved over many years.

There is also the trend that children ask their parents to care for grandchildren so that they can return to the workforce and not have the expense of child care at a nursery.

What are the expectations of each of the players in these scenarios?

- should tasks be assigned evenly and not just left to the retired person?
- should there be a financial contribution from those children who are earning in the paid workplace?
- should you offer to child mind because of your role as grandparent and look after young children so that your children can go back into the paid workforce?
- should you be the taxi service ferrying the older children to sports and school functions because your children are unable to get time off work?

They say you can choose your friends but not your relations!!!!!!

Retirement or Rewirement? Practical Considerations for Retirement
 ©Rosita Guy Associates
 Christchurch, New Zealand

Friends become quite precious as they often are at the same stage in life as yours with the same interests and have experienced much of what you have.

Remember though some may not have reached the same stage as you so it pays to cultivate new friends which does take courage and confidence and these may come from your neighbours or by joining local groups etc.

According to Dee Casio: It is important to have 8 – 10 people in your life without whom you cannot imagine living. If your support system falls below 3 people, you are at more of a risk of poor health, emotional isolation and depression

List the important people in your life at present?

What Do you need to Consider for the Future relating to Relationships?

*The old believe everything;
the middle-aged suspect everything;
the young know everything*

Oscar Wilde

THE RESIDENTIAL QUESTION

Factors to be considered if planning to move:

- loss of friends and community involvement
- the disposal of one's favourite possessions because of lack of room
- the costly process of selling a house today and the need to buy on the same market
- the practice of the tendering/auctioning process for home buyers
- the new area could have unforeseen nuisances: noisy neighbours, bad soil, unsatisfactory TV/broadband reception
- having moved to be near children you discover they are too busy so you do not see as much of them as you would wish
- the children move due to job transfers or changed circumstances e.g. marriage/partnership break up
- having to re-establish connections with doctors, dentists, hairdresser, banks etc.

What to Consider if Contemplating Moving:

- the convenience of shops especially food and consumables; are they within walking distance if you were unable to drive?
- is the location easy for visiting friends and family?
- are good medical, dental and pharmaceutical facilities?
- is there good public transport within and outside the area?
- are there good and convenient leisure facilities to suit your tastes and needs e.g. swimming, gym, sports facilities?

There is the consideration of a compromise where you choose a location and move whilst still in paid work and the new location has a good transport to allow you to commute. This gives you time to settle in and become familiar to the new surroundings before you retire.

Considerations when Selecting Accommodation for the Retired Stage of Life

- the convenience of layout; ease of access; no high steps
- if two storied which is common in town houses today ensure there is a double bedroom and a bathroom downstairs for when the legs may not cope with the stairs
- doors wide enough for a wheelchair
- bathroom facilities designed for possible mobility issues in later life
- ease of cleaning; lack of ledges and dust collecting areas, voluminous drapes
- ease and cost of maintenance both inside and outside
- efficient, effective and sustainable heating and the cost thereof
- size and type of garden, low or high maintenance
- safety issues: tiles in dark, damp areas, high steps

Considerations when Selecting the Type of Accommodation

- house/bungalow
- town houses; singular or semi detached
- apartments; multi level, semi detached within a complex
- sheltered accommodation; accommodating disabilities e.g. sight impaired
- gated communities; security, like minded and similar aged people
- retirement villages; separate units with semi to full care provisions for later
- shared living (for those living alone, over 70 years of age and comfortable with communal living (e.g. Selwyn House in Auckland)

HOW WILL I USE MY TIME?

When we are in the paid work force we devote a large proportion of our time, as much as 75%, to work related activities. Then we retire and suddenly this portion of our life is free with no controls as was in the past. The decision as to what to do with our time is ours to make.

If we are proactive people with the confidence to explore new horizons and experiences this does not pose a difficulty and these people are the ones who say: *“I do not know how I had the time to go to work”*

However some of us are not this type and need:

- the discipline of a set routine
- to know where to go each day and
- to have others guide us through goals and outcomes e.g. for projects
- the organisation to be in control of our time

Without this can result in a sense of being lost and drifting without any purpose in life. Hours are then squandered on meaningless activities or projects which take twice as long to accomplish because *“I have plenty of time now that I am retired”*

Parkinson’s Law: “activities expand to fill the time available for their completion”

You need to know what you want to achieve and set deadlines. This allows you a feeling of self satisfaction when each goal is achieved.

“If you are not working on your ideal day you’re working on someone else’s” Marjorie Blanchard

To Use Time Effectively

- **set objectives in a clear way**
- **have a balance between a variety of activities**
- **achieve and maintain strong self discipline**

Know what you want to achieve and set deadlines. This allows you a feeling of self satisfaction when the goal is achieved. We do not manage time we manage ourselves and the decisions about how we use our time. Self management is controlling relevant events by maximising time and skills to achieve worthwhile goals.

“A dream is a goal with a deadline” Anonymous

The 7 Principles of Managing Ourselves

1. **Establish your values**
2. **Set goals and objectives**
3. **Focus your attention on activities that add value**
4. **Think it through, plan it out**
5. **Avoid time wasters**
6. **Increase your natural energy**
7. **Prioritised, prioritise, prioritise**

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How to Enjoy Your Retirement	Vicky Maud
Assistance with Financial Calculations	www.sorted.org.nz
Guidance for Retirees etc.	www.workandincome.govt.nz/individuals
For the Over 50's	www.grownups.co.nz
The New Zealand Law Society	www.lawsociety.org.nz
Franchise Information	www.franchise.co.nz
The 40+ Employment Support Trust	www.matureemploy.inet.net.nz
DIY Devotees (Christchurch)	www.diydevoteesltd.com
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