

Life In Retirement

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This month, many individuals having fully reached age 60 will stare at significant change and an important milestone as they enter “retirement.” They no longer have to wake up early to go to work as they’ve been doing all these years. No more work burden and deadlines to meet; nor meetings to attend or irate customers to deal with. Stress from work will end. But simultaneously, one may start to miss social life at work. Who will you talk to from now onwards? Who to discuss gossips with? What about parties? For many who used to hold senior positions, how would they get things done or communicate or do various other chores without the service of a secretary that he/she no longer has. No driver to shuttle you or family to places or run errands for you, since he’s gone too. That’s quite disconcerting for many people. For the majority of retirees, the more troubling challenge is how one would deal with finances when one no longer receives an income stream from salaries.

I believe that those that are currently reading this article and approaching retirement are likely to have a sizable amount of savings in hand. Many have enough to cover a reasonably smooth lifestyle. I will therefore focus on discussing about these two groups of individuals. For those who barely have any savings to rely on, my only advice would be to get another job that may be a full-time job or a freelance job. For those who have truly “retired”, the following are my recommendations based on myself who have retired early at around slightly over age 50 and have adopted an “independent” lifestyle for 5-6 years already.

I believe that retirement should not mean an absolute end to all types of work. For me, retirement merely marked an end to a career which I endured in order to earn a living. After “retirement”, it is advisable to continue working on something but the activity should be something aligned with our interests and beneficial to ourselves/society. It could be similar to work we’ve done in the past, a part-time or independent job. Once retired, we are able to devote more to that type of job. It could be a brand new undertaking such as something we’ve always wanted to do but didn’t have the time or opportunity to do so while we were busy with a full time career. Don’t worry about not achieving success because if it doesn’t turn out well, we can always stop. What’s important is that age 60 isn’t too old to begin something new. Retirement age isn’t necessarily an end but could be the start to something new and challenging in life.

While working during retirement may not be primarily for income, I think a job that also generates income is welcomed. At least, it helps reaffirm whether our job activity has “value” in the eyes of society. Pay makes work more interesting and purposeful. It is true that most people would earn a higher income during their working life. Jobs during retirement tend to be freelance ones and most people chose jobs that offer value and satisfaction, rather than ones with mundane meetings which are often a waste of time and not productive. Refrain from focusing on “working for money” because that takes us back to the old treadmill that overwhelmed our lives. In other words, work during retirement should be less strenuous than work in our past career. Work should be fulfilling and beneficial, generating satisfaction. Money is secondary; a sizable income is welcomed but not something to lust after.

After retirement, our physical health usually degenerates substantially. We need to stay healthy, hence exercise is important and can also be as enjoyable as other activities. For me, after “retirement,” I learned to play golf since it makes us walk considerable distances in pleasant natural surroundings. You don’t necessarily have to pick golf to exercise, but advisable not to select a sport which is too strenuous. A suitable type of exercise done regularly is highly encouraged for retirees.

Apart from exercise or sports, hobby or social welfare activity such as volunteer work are also recommended for retirees. Teaching or sharing of experience with others will prevent us from feeling obsolete or unworthy. Explore the things you may do which are enjoyable and offers scope to socialize with people of other age groups.

The final point to mention which happens to be an important issue is finance. Retirement also means that the income stream earned from work will drop or disappear. Yet, we continue to be burdened by expenses to lead our daily lives. Wealthy individuals have little to fear, but those with moderate savings cannot be entirely certain if the money they possess can adequately ensure a smooth life going forwards. What we need is to be able to manage our money effectively. Retirees don’t necessarily have to avoid risks altogether and simply put their savings into bank deposits because interest rates there are merely 1-2% per annum and can be eroded by inflation to make that wealth appear reduced in the future. Financial problems may emerge.

The financial management formula that retirees should follow is quite similar to those that applies to others, but should be invested in less risky assets. Money should be allocated into 3 main asset groups, namely equities, government bonds, and bank deposits. The proportion in equities should be 80 minus your age, hence if you’re 60, you should invest 20%. Bank deposits should not exceed 20%. The remaining 60% should be placed in government bonds or high quality fixed income instruments. If our expertise regarding investments in equities and bonds are limited, we may choose to invest indirectly through mutual funds managed by professionals. Such a portfolio with several asset types will enable us to generate a better return, possibly averaging up to 5% per annum, while the risk exposure is still well within acceptable range.

That describes one solution to “life in retirement”. The essence of my discussion is that retirement doesn’t have to be the “last stop” in life, but rather a start of freedom and fulfillment: the golden years.