



On the Retirement Stage: The Baby Boomer Generation

Part II: The Approach

In our [July blog](#), we introduced the [Baby Boomer generation and the challenges they face as they prepare for retirement](#). We now turn our attention to how best to help them make this journey.

Baby Boomers' "live to work" philosophy has come to fruition. Throughout their working years, they worked hard with little or no play; they were loyal to their employers and worked to please; they raised and supported their Millennial children, they looked after their ageing parents; and they put out one fire after another. Now, all they want is to create a balance in their life and have the flexibility to work – or not – if they so choose!



Here are four simple tips to help Baby Boomers plan for a successful transition to retirement.

1. View Retirement as a New Beginning

For a generation who has worked all their life, retirement can be a big change. Like any other change, retirement has its challenges. Perhaps the biggest challenge for the Baby Boomers is to make their retirement years as rewarding as their working years. To succeed, they need to embrace retirement as a new beginning rather than an end to a working life; recognize that their identity is not tied to the job they performed; and replicate the same conditions in retirement as those that gave them the greatest satisfaction at work.

2. Manage Expenditures

The Baby Boomers' spending patterns will likely change in retirement as they shift their focus from buying goods to living life experiences such as travel or completing activities on their bucket list. Creating a budget detailing their expenses now *and* in anticipation of retirement will give them a clearer picture of how much money they will need in retirement.

While some expenses such as payroll deductions for CPP and EI or premiums for workplace pension and benefit plans will universally disappear, other expenses may go up or down depending on personal circumstances, unique to each individual.

Since expenses in retirement will change over time, one needs to monitor and adjust one's budget on a regular basis throughout the retirement years. For example, it is reasonable to expect that as one ages, expenses such as health care costs will increase while others such as travel and entertainment may decrease.

3. Invest in an Informed Manner

The Baby Boomers are generally balanced investors. They know the advantages of diversification through experience with their workplace retirement programs or their own personal experience with investing.

Those who retire under a workplace capital accumulation plan usually must transfer their pension assets from the workplace program into a financial institution in the retail market. Baby Boomers may be familiar with the basic principles of investing, but they typically know very little

about the retail financial market, types of financial advisors, and different advisor/management compensation methods. Educating them on these topics will equip them to make better and more informed decisions.

Those Baby Boomers who have access to decumulation options under their workplace umbrella will greatly benefit from a factual, unbiased explanation of these options.

4. Identify and Address Financial Fears

The Boomers are considered the wealthiest generation so far. But that does not mean they are free of financial fears. Increased longevity, rising costs of healthcare, financially dependent adult children, volatile financial markets, and the desire to leave an inheritance for their Millennial children are just some of the issues the Baby Boomers are faced with.

These issues culminate in the fear of running out of money in retirement or not being able to afford the lifestyle one is accustomed to. Identifying the fear is easy but addressing it is not so simple. We will address this topic in one of our future blogs: Fears and Levers.

These four straightforward concepts can be viewed as cornerstones of a good financial education plan geared towards helping Baby Boomers make the transition to retirement.

Stay tuned for our next blog where we bring Baby Boomers' siblings to the retirement stage: Generation X.

<http://www.retirementworks.ca/theworks/blog082018-Boomers-Retirement-Stage-II.html>

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