



© Photo by Tristan To

The Psychological Perspective of Retirement (3rd Age)

BY MICHAEL FOK

Is Retirement a time of freedom for enjoyment, enrichment and excitement? Will a million dollar fulfil that freedom? Do we still need to work or choose to work? How is Retirement related to the meaning of life? These are some fundamental questions to be addressed first before the financial information. In fact, this is the first of 6 steps in Financial planning: Establishing a deeper Relationship with the client/prospect.

Meaning and Purpose of life at Retirement

Before embarking on the needs of Retirement **Planning**, we engage our clients on their personal perspectives of **Retirement**, not only in monetary sense, but also on their psychological motivation.

Dan Sullivan, President of The Strategic Coach, asked the participant at his workshop this question: At what age are you going to die? This seemingly simple but ironically profound question is the key to Retirement Planning. The answer will subtly reveal the excitement and anxiety to enjoy the years of Retirement before the inevitable-Death.

The 4 Psychological Ages

The 4 phases of psychological age (not necessarily in chronological age) are:

1st- Age of Preparation – as a student, acquiring fundamental knowledge and skills to prepare for 2nd Age;

2nd-Age of Achievement - making a living to acquire material wants/needs as a symbol of achievement;

3rd-Age of Fulfillment - seeking deeper meaning in life, fulfilling inner life purpose like spiritual growth;

4th-Age of Completion - reflecting on the “unfinished business” to complete life at the end-stage;

Third age - Age of fulfilment

3rd Age is when true meaning and purpose of life is fulfilled, discovering the kaleidoscope of Active Retirement, instead of engaging in passive activities such as reading the paper (mostly bad news), watching TV and trolling WhatsApp. It is seeking a new lifestyle instead of mundane living.

Experiencing 3rd Age may not necessarily be superfluous spending like travelling round the world, though that may help us to appreciate the foreign culture, food and language. Yet rich heritage is in our backyard. Many foreigners visit Singapore to experience our uniquely rich cultural, racial and religious history and art, found in museums and arthouses.

Not many are fortunate enough to attain 3rd Age before Retirement age unless, for instance, they inherit a windfall from an estate. Others may need to prioritise their lifestyle at Second Age. While we must work to make a living when younger, we may choose to work at 3rd Age. Attaining this age means passive income has provided for, or even surpasses, the current cost of living, and above all, being debt-free. Working for income is an option.

Retirement is like closing a chapter of active living, but Third Age is a positive approach to a new beginning.

When is a good time to start planning?

Although many acknowledge the significance of early planning, the implementation may be somewhat delayed by the time they realised it. This is especially so for those engaged in the gig economy and even for practitioners in our profession with variable income. For young working millennials, their likely response is too far-fetched, as many exciting life-style experiences (“YOLO”) are yet to be fulfilled. For some career-established individuals, they are too involved in making a living to meet current family bills and big-ticket items. For those entering 3rd Age, their funds may be depleted by children’s education or highly/geared mortgage commitments when they upgrade their home.

Managing wealth at 2nd Age will generate enough surplus to pursue one’s own life purpose at 3rd Age. Unquestionably Now is the time to get started!

Institutions that promotes 3rd Age

The American Association of Retired Persons (AARP) was established as a non-profit organisation in 1958 in USA helping 38 million members to retire meaningfully. In Singapore, the Council for 3rd Age(C3A) was formed only in May 2007; its website promotes the 7 dimensions of wellness. Surprisingly, the Central Provident Fund (CPF) scheme was introduced even earlier, by the colonial authorities in July 1955, initially as a Retirement fund for members.

Interest rate may not always be at all-time low

Buying the first home is a key determinant of a couple’s Retirement fund. Using the old rule-of-thumb, at age 30 or below, the mortgage sum should be within 5 times of Annual Income, decreasing the multiplier every 5 years down to 1 by age 50 (e.g. 3x by age 40). Age 50 is a vulnerable age for Professionals, Managers & Executives (PME) with high gearing on mortgage. On record, even the HDB interest rate was once 6.25% in 1984. The basic liquidity ratio of 6 may need to be tweaked when upgrading the home loan at age 40s.

Income Replacement Fund at 3rd Age

Replacing the Employment Income, a Dignity Fund will ensure multiple sources of Income at 3rd Age to meet the budgeted Expenditure. Usually the Fixed Expenses (mandatory) are lesser than the Variable Expenses (non-life threatening unless due to contingency health costs). Just like the 4 “National Taps” for our PUB water supply, the multiple “Income Taps” will maintain the Cash Flow in case one tap runs dry.

4 Common Personal Risks associated with 3rd Age

The 4 fundamental risks to be addressed at this wonderful life stage are:

Health – impaired/deteriorating medical, mental & physical condition due to health and accident;

Longevity – living longer than expected when the money runs out faster than life expectancy;

Inflation/Interest – Cost of Living rises faster than Interest - earned or spent;

Market Volatility – Risks of capital invested – Liquidity Ratio is of prime concern at this stage;

When a retiree’s health deteriorates, especially on impaired mobility, he may interact less with others.

Worse still if coupled with high medical bills, he may end up being Poor, Sick, and Lonely & Elderly (P.S.L.E.). Loneliness is a silent killer which may lead to multiple psychological and other physical health complications, if not addressed early enough. Health is wealth.

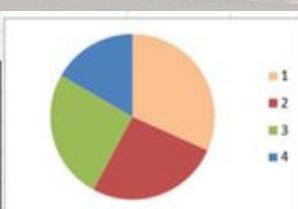


How to spend meaningful time, individually and socially?

According to a MOH health talk on Elder Person, the activities for a typical 24-hr day is divided into:

Sleep (7.6 hr), Self-care (6.3 hr), Leisure (6.1 hr), Work (4 hr);

Health for Elder Person	
HELP	Hours
Sleep	7.6
Self Care	6.3
Leisure	6.1
Work	4
	24



Adequate Sleep and Rest helps the Elderly rejuvenates and renew the energy level.

Self-Care may include time spent on Activities of Daily Living (ADLs) as spelt out in the CareShield Life. It may include medication and treatment for chronic illness (e.g. physiotherapy), and appropriate physical exercise regime just to keep fit and trim. Right and balanced diet is the input to the physical wellness.

Work may include Voluntary Work, Reading, Lifelong Learning skills like cooking, and even lessons on music or language classes.

Leisure time can include developing social fellowship and friendship through games and hobbies like hiking. Other Leisure activities may be reading at the library, quiet Personal Reflection and Spiritual exercise like Meditation.

Balanced Living

Understanding the personal meaning and desire to lead a purpose-driven life leads a 3rd Age person to review these 6 “RE-LIVE” human values:

Roles: adopt new & additional roles and responsibilities like being a parent-in-law or grandparent;

Enjoy: fellowship and friendship, within kinship & community; acquainted with new friends of common interest;

Lifelong Learning in arts, music and languages may help stimulate the intellectual abilities to avoid dementia;

Inspire: share one’s life experience, in knowledge and skills; Giving back in terms of time, money and effort;

Values: appreciate better the non-monetary human values such as Health, Relationship and Time;

Enrichment: the freedom with money, to spend on others, beyond oneself;

At 3rd Age, it is more a time of giving than taking, and the greatest gift is forgiveness which frees oneself from the burden of holding on by letting go. The joy of giving is a way of sharing one’s time, talent and wealth. Spending time with the **PSLE** Seniors, for instance, can be a valuable lesson on humility and healthcare.

Notwithstanding the importance of money to enjoy 3rd Age, a balanced lifestyle means different experience: meeting people of diverse age group, savouring different meals and learning something new. When we look forward each day with great anticipation, 3rd Age will become more meaningful, purposeful and adventurous. Pleasure is satisfied through the senses but short-lived, Happiness is a decision in the mind, and Joy is found deep down in the heart which is everlasting. Simple pleasures are life treasures. Seeking Freedom, Dignity, Peace and Love are of paramount significance that satisfy the Age of fulfilment – 3rd Age.

References:

Y.O.L.O. – You Only Live Once

Council for Third Age: website c3A@org.sg;
7 wellness of Active Ageing: Financial, Intellectual, Physical, Vocational, Emotional, Social & Spiritual

6 autonomous Activities of Daily Living (ADL): Mobility, Transferring, Washing, Toileting, Feeding, Dressing

P.S.L.E. Seniors: Poor, Sick, Lonely & Elderly



Michael Fok is a licensed financial practitioner and is also a member of IFPAS.