

Adam Smith Advisors

A Cherry Tree Affiliate

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ADAM SMITH INSIGHTS:

Published by Keith Tuft, President of Adam Smith Advisors, LLC, with insights on investing and wealth management.

INVESTING QUOTE OF THE MONTH:

“Choose a job you love, and you’ll never have to work a day in your life.” – Confucius



A HAPPY RETIREMENT ISN'T JUST ABOUT MONEY

Most people envision retirement as a permanent vacation: sleeping late, golfing, volunteering, and travelling. That is not the reality for most retired people. Many retirees find that a permanent vacation becomes boring and unfulfilling. Most retirement advice is focused on the financial side of retirement, but having enough money to retire is only half the story. The practical and emotional issues are just as important. What will you do with yourself for the next 25 years that has meaning and happiness? A comprehensive retirement plan addresses money, health, life goals, family, and social issues. What is the money for? What type of life do you want to live?

10,000 baby boomers turn 65 each day in the U.S., and many of them are not mentally prepared to “retire.” The emotional aspect of leaving the workforce can be jarring, and many retirees have a tough time feeling productive with their newfound free time. Many retirees are bored, disillusioned, lonely, and feel like they have lost their identity and purpose in life. For many people, much of their identity is tied to “what you do” for a living. According to an American Demographics poll 41% of retirees reported that retirement was a difficult adjustment, much higher than the 23% who said parenting was a tough adjustment or the 12% of newlyweds that said marriage was a tough adjustment.



“More retirements will fail for non-financial reasons than for financial reasons.” — Michael Stein, author of *The Prosperous Retirement*

The media and today’s society likes to remind us that we “should” retire at age 62 or age 65 because that is “normal”, and that proves that you have lived a successful life. These retirement ages are an artificial finish line, and are only relevant because they coincide with Social Security and Medicare age requirements. When the retirement age was originally “set” at age 65 (several decades ago), many people didn’t even live to this retirement age. Now people are regularly living 20-30+ years beyond age 65. Many people can (and want to) continue working into their 70s, even if they don’t need to financially. We believe that

many people can increase their retirement happiness by prolonging “full” retirement as long as possible, assuming they enjoy and are able to continue to do their job. We have talked to several people who flunked retirement. They tried retirement and found out they didn’t enjoy it, and then went back to work.

What will you do in retirement to fill your days with fun, purpose, activity, and challenge that will make you happy? For most people that means finding the right balance of work, family, friends, and leisure. Who and what makes you happy in life? Make a list. Many successful retirees retired TO something they were passionate about, rather than just retiring FROM work. What are you passionate about outside of work? Get started and involved before you retire.

Continue to work and expand your interests for as long as possible. By staying engaged in important, regularly scheduled work and activities you retain your sense of purpose and reason to get up in the morning. Working part-time, helping family/others, and volunteering can provide purpose and meaning in your life. Retirement should not be driven by age, but by the desire to do something else with the rest of your life. Have a purpose in life beyond just having fun, and find things that challenge you.

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Taking care of your health is also important to having a successful and happy retirement. Staying healthy will importantly improve the quality of your years in retirement. Keep moving, exercise, eat healthy and see your doctor on a regular basis. Manage your health in a disciplined manner as much as you manage your finances.

Establish a strong network of friends and family. Develop new social connections. “Invest” time in your family and friends. Having strong social connections is a critical element of a happy and healthy retirement for most people. What can you do to help others? When you retire from work you will likely not miss the work as much as you miss the people and the relationships. A University of Michigan study found that the most powerful predictor of life satisfaction right after retirement was not health or wealth but the breadth of a person’s social network.

Discuss retirement with your spouse. Is your spouse really ready to have you around the house full time? Is your spouse’s vision of retirement the same as yours? For many couples there are things you want to do separately, and some things to do together. Retirement by one or both spouses can significantly impact the relationship you have with each other. Divorces tend to increase in the first several years of retirement, so be sure to communicate with your spouse and be ready to compromise. Couples who have a successful financial plan (but not life plan) at retirement may find their financial plan no longer works if they get divorced.

Perhaps the best retirement age is never. Some people may need to work forever for financial reasons. Others may be so passionate about their work that it doesn’t seem like “work” to them and they can’t imagine enjoying anything else as much as working. Many people are now working into their 70s because they love what they do and it gives them meaning, purpose, and social connections in life. There is absolutely nothing wrong with that. Stay in the game as long as you want to and are able to contribute.

“Money will not make you happy, but neither will poverty.”
- Warren Buffett

We think a comprehensive plan for a happy retirement goes beyond just financial security. It requires a plan and a concerted effort to remain active, healthy, busy, and socially involved to live happier and better in retirement. As financial advisors, we hope to help our clients BOTH save enough money to be financially independent, and to help them maximize their happiness in retirement. Having a great portfolio isn’t enough if you don’t have people to share it with, you are not healthy, and/or you are bored out of your mind. For most people, maximizing their happiness is a better goal than just maximizing their wealth. We have a “retirement coaching roadmap” to help people at/near retirement with the non-financial aspects of having a happy and fulfilling retirement. We would be happy to help plan your successful retirement.

Adam Smith Advisors, LLC (ASA) provides unique wealth management services for a select group of client families to help give them peace of mind. Author Keith Tufte, (CIO of ASA) has over 25 years of successful investment management experience as a Wall Street Analyst, Mutual Fund Portfolio Manager, Director of Equity Research for a major mutual fund firm, Hedge Fund Portfolio Manager, and Wealth Management Advisor. Please FORWARD this e-mail to friends/relatives/business associates that you think may have an interest. Please see our website at <http://www.cherrytree.com>.

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