

MONEY ALONE NOT THE KEY TO A HAPPY RETIREMENT

by: Tim Sullivan, CFP®, EA

What makes people happy when they are retired?

Researchers have put considerable effort into answering this question in recent years. The full weight of the subject is beyond the scope of this article, but even scratching the surface can make for an interesting discussion.

First, consider the relative recency of the topic. According to Merriam-Webster, the first known use of the word “retiree” was in 1935, at a time when the average life expectancy in the U.S. was 62 years — not much of a retirement. At the end of 2020, life expectancy stood at 77.3 years.

More telling, the remaining life expectancy of someone aged 60 in 2020 was 22.6 years. In other words, the average 60-year-old will live to nearly age 83. Today, nearly a quarter (or more) of someone’s life may be spent in retirement and frittering away a couple of decades is not on the “to do” list for most retirees.

One researcher tackling this subject is Dr. Joseph Coughlin, who founded the MIT AgeLab more than 20 years ago. He and his team have identified three questions people should ask themselves to assess how well they are prepared for retirement. The questions are brilliant in their simplicity as they provide significant insight into the factors that impact the happiness of older people.

Question 1: “Who will change my light bulbs?” A friend has a growing collection of platform ladders that will help safely address this problem for the foreseeable future. However, even a ladder designed to be safer than a traditional step ladder may someday be inadequate for someone with unsure steadiness. The ability to answer this question reflects on an individual’s capability to maintain their home when they are no longer able to do the mundane household chores that were once taken for granted.

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Whether it is help with cleaning the house, mowing the yard, or changing batteries in the beeping smoke detector, having a plan in place to tackle these chores extends the ability of someone to age in place and maintain their independence, both of which directly correlate to a happier life. The person who has a trusted handyman, family member or friend to reliably handle these day-to-day tasks will spend little time worrying about the inevitable burned-out light bulb.

Question 2: “How will I get an ice cream cone?” Of course, getting an ice cream cone is symbolic of the capacity of an individual to go somewhere and get something they need (or want) on their own terms. Instead of an ice cream cone, it may be a trip to their favorite coffee shop or perhaps just getting to and from the grocery store. Quality of life is greatly affected by one’s ability to access the simple pleasures in life. Where it is available, ridesharing companies like Uber and Lyft have opened this door slightly for some people. In the future, vehicles with self-driving capabilities — often parked right in the garage — will help break this door down completely. Until then, a reliable alternative is essential.

Question 3: “Who will I have lunch with?” It is no secret that seniors with a network of close friends with whom they regularly spend time are happier. This goes beyond loose connections through social media or even Zoom conversations. The ability to engage face-to-face with a circle of friends or family — even a relatively small circle — is very important.

The challenge of this question is also complicated by where someone may live. A 2019 study from the Pew Research Center showed that 49% of women over the age of 65 are single. If that single person lives in a more secluded rural area, something as seemingly simple as getting together for lunch with friends can be a real challenge.

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While having financial resources can provide more options when addressing these questions, the size of an individual's bank account is not the key to happiness. Instead, maintaining independence and having close friendships with others is vitally important to a joyful retirement.

However, a positive outcome will not typically occur without effort. Take the time to develop a plan on how to address these questions, and do not let obstacles stand in the way of life-fulfilling answers.

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