

Episode #325 – 6 Key Drivers of Your Client's Happiness in Retirement

Thank you for attending today's episode of Money Script Monday. My name is Sara Sullivan and I am the licensing and contracting manager over here at LifePro Financial Services. I have been with the company for 21 years, so whether you've been with us for a while or are a brand new advisor, hopefully I can bring some of my knowledge and experience to you in a clear and concise manner.

Recently a very intriguing study came my way about retirement happiness. The Dalai Lama himself described happiness as the purpose of our lives. In this industry, obviously we want to make a living, but it's so very important to never lose sight of the brilliant goal of protecting families and ensuring that in retirement, folks are as comfortable, content, and financially secure as possible. Naturally, a genuine interest in clients, goals, fears, and emotions will drive appointments and sales because when you care, it's always extremely evident to the consumer.

PBS Insights, who is commissioned by Mass Mutual, conducted an online poll from January 26 to February 5th among 2000 American retirees, defined as 15 or fewer years into retirement and pre-retirees, those 15 or fewer years before retirement. All respondents were at least 40 years old, had \$50,000 or more in savings and investments, and at a minimum had a role in their households financial decision making. Today, I thought I would go over some of those study findings as some of the results may surprise you and afterwards you may feel brought closer to the demographic you're engaging with out on the field.

As is with pretty much everything we do at LifePro, our entire function is to do the legwork for you and bring the latest industry trends, environments, and ideas to you. Hopefully the findings I've collected will

free up a bit of your time to do what you do best and that is sell. Let's just get right into it. Here are 6 drivers of your clients happiness in retirement.

Number one, what is the study subjects current outlook on retirement and planning? If we don't know what happiness looks like to folks heading to or currently in retirement, how will we know how to help our clients? Over a third, 35% of retirees say that their retirement savings are behind where they need to be at an ideal age. 34% of pre-retirees think there is a chance they could outlive their money, compared to 22% of actual retirees.

At least five years prior to retirement, retirees most often said that they were preparing by contributing money to a retirement account with 64%, increasing their savings 60%, and paying off debt 53%. Pre-retirees make taking care of health a priority in their retirement planning. Otherwise they are most commonly preparing financially by contributing money to a retirement account with 65%, increasing their savings 64%, and calculating how much money is needed to afford retirement 53%.

Let's discuss the emotional state of retirees, which obviously affects their decision to move forward in a sales atmosphere. The study found that 4/5, a majority of retirees, 82% feel more relaxed on a daily basis compared to their working years. This underscores the potential mental health benefits of retirement compared to the working life stress many experience. Pre-retirees anticipate that when they retire, they will feel higher levels of relaxation, happiness, and excitement and lower levels of stress.

Moving to #3 regrets and anxieties of pre-retirees and retirees. Retirees who are much happier in their post work years are likelier to fill their free time with social activities such as spending time with loved ones and exercising 70% said that and pursuing hobbies 63%. Retirement is a perfect time to learn new things and pursue hobbies you've always been interested in. Learning new things can also help you stay mentally sharp and engaged with the world around you.

Pursuing hobbies you love can also bring a sense of fulfillment and purpose to someone's life. 44% of pre-retirees find fulfillment in volunteering and giving back to their community. With retirees, that number is a little bit lower with 22%. 62% said travel. In fact, coming up in July, I'm going on a Mediterranean cruise with my mom and dad who are in their mid 70s. It was actually their idea which is pretty cool. 13% said that they regretted not having taken better care of their health. However, 49% of retirees reported that they are much happier in retirement and said that they plan for it by focusing on their health, compared with 32% who said that they were less happy.

Now let's move on to #4, fulfillments and satisfactions that this study found enrich happiness in retirement. Physical and social activities emerged as a key contributors to retiree's happiness with 76% who spend time with loved ones and 70% who regularly exercise reporting higher levels of contentment. These activities not only enhance physical health, but they also play a critical role in fostering social connections and emotional well-being in retirement.

Pre-retirees say that they are most looking forward to traveling 76%, enjoying themselves 75%, and relaxing 73%. Current retirees are most often relaxing, having more free time 76% there, and not working 73% in retirement, 59% say they are traveling. Retirees say that the activities they most enjoy in retirement are spending time with family and friends and traveling with 39% there.

Next, let's talk about #5, some interesting findings with regards to expectations versus reality in retirement. While happiness is found in retirement, pre-retirees may have unrealistic expectations about the level of happiness and excitement they will experience. The sizable majority that does not feel happier say they have less opportunity for dating and romance in retirement than they expected. Nearly half of retirees reported having fewer financial problems and being less bored than they had had anticipated.

About 1/3 of retirees also enjoy more free time and get to spend more time with family and friends than they expected. 44% of pre-retirees in the study said that they feel anxious about how their finances will support them through retirement, and 34% of retirees cited health issues as the primary concern.

Now for the big one. Number six, financial security in retirement. Financial security remains a pressing concern with 35% of pre-retirees acknowledging their retirement savings are not on track for their ideal retirement age. While researching for this presentation, I came across the Forbes article from November of 2021 entitled, "Who The Happiest Retirees and Most Unhappy Retirees Are." It stated that CFP West Moss came up with three financial traits of the happiest retirees based on surveys he conducted with about 2000 US households who were retired or within 10 years of retiring for his book, What the Happiest Retirees Know. He calls the happiest ones HROBs for the happiest retirees on the block.

He found that the three financial traits of the happiest retirees are as follows. #1 having liquid assets, #2 having your mortgage either paid off or an expectation that will be paid off within sight of when you're going to stop working, and #3 having multiple streams of income. One of those could be part time work.

Financial uncertainty 44%, not having enough money to support myself and my family with 43%, and health issues with 42% are top sources of anxiety for pre-retirees when thinking about retirement. The study also showcased the impact of financial advisors on retirement planning and satisfaction. For instance, 30% of retirees attribute their successful adaptation to financial changes to working with their financial advisor. This is mirrored amongst pre-retirees with 41% already engaging with financial advisors to navigate the complexities of retirement planning. This highlights the value placed on financial advice in achieving a secure and enjoyable retirement.

The significance and value of getting to know your customers on a deeper level cannot be overstated enough. As I said at the beginning, having a solid awareness of, and compassion for, their cares, their worries, and emotions is not something to be taken lightly, and it's incredibly evident to a potential client as soon as they meet you. When you take the time to really appreciate their point of view, making them feel secure is second nature. You'll become their credible and reliable expert, become a trusted advisor, and watch not only your book of business, but a legacy of service build. I may have stolen that part about being of service from our founder, Bill Zimmerman, who created this company out of a true desire to be of service to you and your customers.

That's all for today. I hope you were able to take away some worthwhile tidbits from this session. As always, if I can be of assistance with anything that you have questions about, please e-mail me at ssullivan@lifepro.com or ext 3265. I encourage you to lean on us, as that's what we're here for and it's exactly what we love doing. Have a great day and thank you for your business.