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Four ways to psychologically prepare for retirement – before you leave work





Four ways to psychologically prepare for retirement – before you leave work

Retirement can feel like a shockwave, particularly if life's circumstances or a redundancy means that you don't get to choose the timing. We outline below how to set up healthy habits and structures now and set out why having a financial adviser can help smooth your transition.

Leaving work is one of life's biggest changes. It's on the scale of other big transitions like adolescence or new parenthood. This is because retirement forces us to reset where we fit in the world and find our sense of meaning in new ways.

Getting psychologically ready for retirement means we must face up to what we lose: the steady pay cheque, status, collegiate relationships and a highly structured week. We need to proactively replace these losses with new gains, such as pleasurable activities and relationships that give us meaning and purpose. Here are four ways to prepare:

1. Dial down your work hours

Consider gradually withdrawing from full-time work by shifting to part-time work or consulting before you retire. By easing into retirement, you're better able to diffuse the shock that comes from no longer working. And by reducing your work hours, you'll free up the time and mental energy you'll need to invest in social connections and initiate new activities.

2. Dial up your non-work activities

The pleasure of endless leisure time can quickly turn to boredom when you're retired. So, in the years before you retire, build a scaffold of new activities. When you have a motivating reason to get up each day, it's much easier. You'll strengthen your sense of purpose, meaning and identity for your post-work life.

Start by developing a portfolio of personal activities in the same way that you might diversify your investment portfolio and use these activities to create structure and rhythm. Volunteer, learn a new language, take up a sport, find new hobbies, write a book, deepen your religious practice or set up a business. Be brave and proactive in exploring your options rather than waiting for activities to come to you. Use activities to strengthen your identity and boost your self-worth so that when you meet someone for the first time you can confidently describe yourself without referring to your career.

3. Dial up your social life

Without regular contact with colleagues, loneliness is a common problem retirees face. No one's calling, no one's emailing, no one needs your help. Use the time leading up to retirement to develop a full social life. It can be helpful to surround yourself with people on the same journey. Consider joining community groups, advocacy groups, men's sheds, senior sporting groups, choirs, walking clubs and book clubs before retirement. Invite people over for a meal and build community around your neighbourhood or your personal interests.

As much as possible, set up a rhythm of regular social commitments. That structure will help to replace the discipline of going to work.

Another reason to invest in a social network is to prevent overwhelming your close relationships. Because if, after a long career, you're suddenly spending a lot of time at home, you risk disrupting your partner's rhythms. Plus, being socially active will relieve any pressure your partner might feel to keep you busy.

4. Plan your finances

It can be psychologically challenging to leave the certainty of a regular pay cheque. And when you're accustomed to your superannuation and other savings growing year on year, it can be hard to spend what you've saved.

Having confidence that your finances are in good shape makes the transition to retirement much easier. That's why it's critical to have a financial plan. You're then able to retire knowing how much you're able to spend – and that your finances are in safe hands, whatever the future holds.



How your Count Financial adviser can help

If you're planning to retire in the next five years, talk to your Count Financial adviser about how to put in place plans to set you up for financial, social and psychological success in retirement.

The numbers

Household saving to income ratio remained at **0.6%**¹

2.1 million people without a job did not want a job, with a further **3.4 million** either retired or permanently unable to work²

The monthly CPI indicator rose **3.5%** in the 12 months to July³

GDP rose **1.5%** in 2023-24⁴

New loan commitments rose **3.9%** for housing⁵

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CONTACT YOUR COUNT ADVISER AT:

¹ Australian Bureau of Statistics

² Australian Bureau of Statistics

³ Australian Bureau of Statistics

⁴ Australian Bureau of Statistics

⁵ Australian Bureau of Statistics