

Episode 139 What to Expect in Retirement

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retirement, retirement income, retire, wade, work, jason, identity, structure, routine, unstructured, negative, relationships, alex, mclean, ratio, pickleball, plan, lead, years, person

SPEAKERS

Bob French, Wade Pfau, Jason Rizkallah, Alex Murguia

Bob French 00:00

The purpose of retire with style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to resaprofile.com/style and sign up to take the industry's first financial personality tool for retirement planning. What should you expect in retirement, other than the unexpected? Find out from McLean asset management's Jason ruskala, plus Alex and Wade too.

Alex Murguia 00:51

Hey everybody, welcome to retire with style. I'm Alex and I'm here with no known other than Wade Pfau. I was gonna say no other it's weird. None other than Wade, Fauci and Jason Rizkallah, who is with us last week, and today, we're going to be discussing what to expect in retirement. Jason Take it away, man,

Jason Rizkallah 01:17

that is, that is a never ending topic of discussion, right? What to expect in retire. We're gonna help narrow it down a little bit here and speak about

Alex Murguia 01:27

30 minutes or less. 30 minutes or less now,

Jason Rizkallah 01:30

I'll try. I'll talk fast more, getting away from the numbers, you know, the financial aspect of it, because that's, you know, that is what it's gonna be I, what I want to talk about is kind of the changes that one may be experiencing through as they enter into retirement. Definitely throughout retirement, I think these are important to highlight, just as important as as the numbers are, you know, for that matter. So I mean, really, when you look at it, there's, you know, five or six kind of major changes that occur. And with each one, there's a positive and a negative

Alex Murguia 02:03

real quick before we get into that Wade. Do you want to say, Hello? Yeah, there was like everyone, so whatever that you didn't have an opening to say, hi, everybody.

Wade Pfau 02:12

Hey, everyone. And also, Jason Rizkallah is the Managing Director of Financial Planning at McLean Asset Management. So he brings that real world experience of looking at these changes. We'll talk about seeing that with real life context, with real individuals who he's worked with, who've made that transition into retirement. So that's why it's great to have Jason on the show the small talk this week, as well as the introduction

Jason Rizkallah 02:42

to the chase here.

Alex Murguia 02:44

It's all a whirl. It's all a world. What to Expect When You're Expecting

Jason Rizkallah 02:49

in retirement.

Alex Murguia 02:52

In retirement,

Wade Pfau 02:53

when you're expecting to retire. Yeah, six major lifestyle changes, I think kind of work through these. The first I think we should talk about, Jason, is this idea of a work identity, which may be more important to some people than others, but when you retire, this idea of losing your work identity, potentially losing the sense of purpose, if you felt your purpose was to be a worker. You identify as a lawyer or accountant or whatever the case may be, losing that identity. So how do you have a positive response? And what would a negative kind of response look like as well? And with the whole idea being, let's try to help guide people from the negative response of losing your identity to be how you can establish a more positive outlook on losing that work identity, or potentially that sense of purpose,

Jason Rizkallah 03:47

absolutely and a very important one. I mean, I think we can't help it, but kind of build our identity around the work that we perform, the job that we do, the career that we have. It's usually one of the first questions brought up when you meet somebody you know at one point or another. It's, you know, Hey, so what do you do? You know, it's so it there is a lot of either self identity in it, or the identity that others you know kind of view us as that is tied to to our work and what we do in our career. So having that kind of come to an end, in some cases, abruptly. You know, just very suddenly you're no longer doing what you were doing before. Can cause a lot of negative feelings around this loss of identity. You know that that you can no longer identify with this career that you've done for quite a while, in some cases, and put a lot of your time and effort into and that that can have, that can have some serious repercussions on your health. I mean, that has led to things like depression, in some cases, worsening health conditions because of the just the psychological aspect of of not kind of knowing yourself anymore you. There's this loss of the work identity that can actually have a ripple effect throughout your life, a lot of it to do with your health, even so, you know, what's a positive way of being able to respond to that?

Wade Pfau 05:11

Well, just on that point as I started my career in Japan, and I think this can be an even bigger issue there, but maybe it illustrates the idea of people exchange business cards all the time, and so you need to have a business card. And so professors at the university, when it came time to retire, they would do anything. They didn't need a salary. They didn't need a paycheck at all. They needed a title so that they could have a business card with a title on it, because that was their identity. And if they couldn't have a business card that gave them a title, they felt like they were nobody. They were no longer a contributing member of society. Just it was a complete psychological kind of train wreck. They really identify through having a position and a title, and they would do anything to not give that up. And so that's maybe an extreme form of it, but that's kind of what we're talking about with that

Jason Rizkallah 06:06

absolutely, it's kind of

Alex Murguia 06:08

Wade. Wade is 100% certain, I mean, that certain He's right. He's been giving his business card. Say, Wade Pfau, Bond, vivant

Wade Pfau 06:18

retiree. But you can just say you're a CEO, something. Wade

Alex Murguia 06:29

in prestige limited. What was it in that movie

Jason Rizkallah 06:32

worldwide? What was, what was in the van delay industry,

Alex Murguia 06:51

and then prestige worldwide.

Jason Rizkallah 06:55

But there's a, I mean, there's a lot of truth in that. I mean, you know, you've done something a long time and put a lot into it, and then all of a sudden, the next day, it's not there, right? So you can imagine, like, the effects you can have

Alex Murguia 07:08

on it's the cocktail party thing. Hey, what's the first question? Hey, what do you do? Amma, yeah, boom. You no longer have the Amma, No,

Jason Rizkallah 07:16

yours, I was, you know, or something of that nature. How

Alex Murguia 07:19

do you fill in the blank? Right? That's kind of what you're getting at here. Yeah,

Wade Pfau 07:23

absolutely. But ways

Jason Rizkallah 07:25

to kind of maybe combat the negative feeling that that can that can generate in some folks is, you know, identify activities or goals that create, like a purpose for you. You know, a passion during your retirement. You know, those are very powerful words. You know, purpose and passion, but they're meant to be that way, because if you can identify activities that can fill that void of no longer, you know, having a title you know, you open up a new identity, essentially to yourself. And you can create one from that beginning onward, and it can be one that changes with time, because as your purpose and passion for things change, so can you, so can your what you would perceive as your identity doesn't have to stay constant like it did with your career, kind of throughout the years, but look at it as an exciting time. You know is really what it is. It's okay. That was my identity in that time. And now I'm going to be starting a new one, and it's going to be based off of what I want it to look like, not what was kind of mapped out through a career path.

Wade Pfau 08:28

Yeah, it's just this opportunity to really become who you truly want to be, and forge a new identity and have the confidence and comfort with that that you can take that potential negative and turn it into a positive, and

Jason Rizkallah 08:42

that's gonna this topic, this loss of we're gonna affect everybody differently. Because some folks are gonna say, when their career is over, see you later, goodbye. I'm glad that that's done, right? I mean, that's gonna happen to some individuals, but, but for the ones that did find, you know, their kind of purpose through their work, it can, it's gonna be, and it can be, you know, a struggle off that initial home. And

Wade Pfau 09:03

that's an important point to emphasize, is for all six of these categories we'll talk about today, some of these may not affect you at all. Some of these may have a big impact, and it really will vary from person to person, how much you're impacted by each of the six topics we're talking about,

Alex Murguia 09:18

I think here, in a funny sort of way, that sort of magnet that your mom put in a refrigerator, that it's nice to be important, but it's important to be nice takes, you know, comes, comes full circle, because, let's say you had this job in which you were in this position of authority, but you were just a world class jerk, but people had to call talent to you, or They thought, you know, your jokes were the funniest, yeah, that kind of thing, right? And then all of a sudden, you retire, and no one's beholding to you, and no one's answering anything, no one's, you know, you're kind of, you know, then all of a sudden, man, I used to be somebody. Yeah.

Jason Rizkallah 10:01

Yeah, I never had that magnet. Alex, I had the Don't worry. I think you're cool. You're cool to me.

Alex Murguia 10:13

No, wait, wait, had a poverty refrigerator. But all right, so that's the first lifestyle change for retirees, a sort of work identity. And it's very true. I think this one, that one hits hard for a lot of

folks, depending on the capital, the friendship capital, or whatever that they've been building up until retirement. And

Jason Rizkallah 10:38

especially if you Sorry, just one more thing, Alex, especially if you had, like, you know, a quote, unquote, high profile job, you know, as you call them, those things, that's where that effect can really, you know, come into folks, as you had mentioned, the maybe being a leader of a team or an organization or a company entirely, and people were calling on you or leading on you to make decisions, and all of a sudden, now that's not happening, right? It's it can definitely have an effect, you know,

Alex Murguia 11:03

folks, yeah, and you have your green moment,

Wade Pfau 11:05

like politicians from both sides of the political spectrum may suffer from this particular issue with not willing to step down or step back from that. And that's not a political statement either way, because it's true.

Alex Murguia 11:24

So this is a good sub. This is a good segue to increase unstructured time, because Wade did mention, when he retires, he wants to go through every ballot box in the great state of Texas and make sure everything is properly counted. So I think that's a little statement, Jason, that's just laid talk now, that's

Wade Pfau 11:46

right topic, two increases in unstructured time. Jason, somebody working may have had eight hours a day that was pretty structured at work. Yeah, those eight hours need to be replaced with something. So what's the issue there?

Jason Rizkallah 11:58

So I mean, when you think about it, right, and you're in you're working, especially if you're working for an organization or for somebody else, right, maybe not yourself with this or less likely to be yourself, or, in some cases, more, right? I mean, self employed people, some of them work around the clock, you know, non stop. But it's this, it's this losing of a typical day structure, an example my own personal structure, right? I know that my day starts at eight or 830 every day, and when it ends, that's to be determined on any given day. But eight or 830 I know my day started, right? Are you

Alex Murguia 12:34

sure? Because your teams is not on until like 1030

Jason Rizkallah 12:38

I thought you said, you don't watch that, Alex, I thought you said, but, uh, but, you know, they're structuring there. I don't know what time zone your computer is on, but mine's on Eastern. No, but yes it, I have a structure to it, right? And having that structure helps you to organize yourself. You know what you need to get done? The time to get it done in and you know what happens around it when you lose that structure, that can, that can cause people to kind of say, Okay,

well, what do I do with my time? And that could lead people to do nothing with their time. You know, at the end of the day in, maybe it can be that they don't wake up and have a plan, so they end up just kind of lounging around watching television or what have you, um, or it can be the classic, you know, I'll do that tomorrow because I'm retired and I can right? And then it just never gets done. Whatever it is with it, you

Alex Murguia 13:46

know, where I've seen this anecdotally. I don't know what the studies are or anything like that, but I've seen it with enough handful of clients that it hits you or stories or just, you know, you begin a certain age, you feel it addictions, and specifically alcoholism, sure, I it's not uncommon. You know, the guys hit the links. They drink, you know, it's a martini lunch until like three o'clock they come home, effectively hammered, rinse, repeat, two years later. Where are you kind of thing? It's it. It's obviously not like a happy topic, but unstructured time, I think tends to be a culprit in something like this. Yeah, there's obviously this other factor, but it doesn't help. There's an

Jason Rizkallah 14:28

expression that starts with, like, idle hands, right? Like, when you're not doing anything, problems can happen, you know, as a result. So, yeah, man.

Wade Pfau 14:37

But also that they were getting out of the house there. But another issue is, if you're not forced to get out of the house to go to work, you may just simply not get out of the house, period. So that's right at the other extreme. That's where the and with the addictive powers of social media and everything else, spending more and more time just doing passive scrolling through your news feeds, watching tell. Vision, those kind of habits that fill that time?

Jason Rizkallah 15:03

Well, you know? Yeah, here's an example on the opposite end. So I have a younger son. He's 10 years old, and he has a morning routine. When School's in session, right, gets up, takes a shower, gets dressed, brush the teeth, eat breakfast, go to school. Summer time, that whole all thrown out the window. You know, it'll be eight o'clock at night. Did you take a shower? Dominant, no, no, yeah, why not? You know, like, it's the whole routine gets thrown around. And so it's, it's having that structure that you know, you became accustomed to, and then all of a sudden that structure is gone. So you have to make the structure. You actually have to make the time and effort to do that for what you want to do. Now, you know that's, that's something negative that can happen. You lose it, and then you start to go down a path of no structure whatsoever. But you know, a way that you can kind of, again, combat that would be to, you know, help decide, or help yourself decide on what new pursuits and interests you want to go into. Maybe be spontaneous, right? Just say, Hey, I haven't been at this restaurant at the other side of town, you know, before, and because I have the time, and I don't have to, you know, sit in traffic or do anything, I'll go at the time 11 o'clock when there's no traffic, you know, and go and have lunch and come back. You can do things like that that you weren't maybe able to do before, and be more adventurous with it, but kind of organizing yourself, maybe joining again, clubs, hobbies, finding out the activities that you identified under. The first challenge, which was losing your identity, to help you build your new identity. Find out when are those happening, when do they occur? And make a structure around that, a schedule around that, even

Alex Murguia 16:37

now. What are some things that people do, and why is it pickleball?

Jason Rizkallah 16:44

It's social, right? I mean, it's a social thing. You get together, it's, you know, you don't have to anything. Can be that way, though, right? It's a social thing. 100%

Alex Murguia 16:54

No. And I'd like to talk about, like what Wade said, because you we see this a lot with older clients that have retired, as opposed to working clients. And part of it is because you're idling. You have a lot of more idle time when you say like that. And so wait it's right. And you know, this goes back to my psychology days, where I'm curious, have there been studies? But yeah, you start Doom scrolling for three hours before you know it's gonna change. It's gonna affect your affect, right? And and lo and behold, where are you? Whereas if you would have done something that is more engaging, you know, life is good, or life is better, if you will. So 100% I think unstructured time becomes an Achilles heel for some. Are

Bob French 17:40

you up for the challenge? Registration is open for retirement researchers, retirement income challenge starting on Monday, August 26 at noon Eastern during this free four day challenge with Wade, Alex, Jason and I, you'll get to take the RESA and discover how you approach retirement income and analyze your own funded ratio to find out where you stand relative to your retirement goals, and if you put in the work, come out knowing how you can put yourself on a course to bridge that gap. We only have a limited amount of seats in the challenge. So head over to resoprofile.com/podcast to learn more and sign up today. Again, that's recent profile.com/podcast See you in the challenge. And

Wade Pfau 18:24

if you need that structure, Jason was kind of mentioning the point, but you can recreate that structure if, if you feel like you need structure, sign up for that 8am exercise class at the YMCA five days a week, and that's forcing you to keep that same sort of routine. Get out of bed, get going with the day, building structure that way, formally or just informally. If you don't have that, you don't have to kind of force yourself to get out of the house. If you everyone's going to be different about how they approach creating structure or needing structure to their day.

Alex Murguia 19:00

And that's for time. It now, is there a difference between structuring time and maybe developing routines?

Jason Rizkallah 19:10

Well, yeah, I think so. I mean, because routines are something that's repetitive, right? So the time structure can be, can be just for today. This is what I want to do, but I might not do it again tomorrow or ever again, right? It so, yeah, the routine is like, what Wade was, was touching on, you know, just a moment ago, where it's, you know, pick that 8am swim class at the Y Monday through Friday, right? That's the routine that you're getting into. But the time can be filled with other things that could be random, spontaneous, you know, unplanned or just something you do once, and then that's it, you know, gotcha.

Wade Pfau 19:44

And this is something that could affect people differently, too, where some people might just have stress if they don't have a routine that's related to unstructured time, but it's different in the sense of the routine doesn't have to take eight hours a day. I. But you need these routines just to have that sense of calm and comfort.

Jason Rizkallah 20:04

I'm a very, I'm a very routine type of person. I like routines, right? And so I know that I will struggle with that in retirement, you know, leading up to it, if I don't change kind of how I feel about routines leading up to that many years from now, but still, nonetheless, if I stay kind of in the same mindset about routines, I'm going to struggle with that myself. Because,

Alex Murguia 20:25

well, I mean, you work out with weights quite a bit, right? How you know you have that you're like, locked in?

Jason Rizkallah 20:31

Yeah? I go, yeah. If

Alex Murguia 20:34

you didn't have that, it would most likely hinder your ability to be productive in the other hours of the day, because you're missing that, that consistent sort of routine. That's

Jason Rizkallah 20:46

right, that's right. And also, and that helps to bring the structure to to kind of my day too, as well, right? Because if I can have a routine, then I have a structure, you know, as well. So it's easier for me to do that with a full time, you know, job, but in retirement, I don't I would be lost kind of initially, going into that my own self, you know, yeah, if

Alex Murguia 21:08

you didn't work out and and in the show notes, we're gonna put how much Jason

21:14

benches check

Alex Murguia 21:15

in on that. I think we have enough space for all the characters. I think we can manage it.

Jason Rizkallah 21:27

It's going up. I'm proud of it when I

Alex Murguia 21:32

just trying to do 10 bullets. All right, okay, what else are like, What to Expect When You're Expecting. So

Wade Pfau 21:43

the name retire Mason would be the spending more time with your spouse or partner. This could go,

Jason Rizkallah 21:50

there is a real thing you know, that happens in retirement. I believe the term is grade divorce, right, where people get divorced going into retirement, and I can tell you, I've, I've worked in situations where that's the case. And so, you know, increasing time with your spouse can have positives, but it can also have negatives too, because that that increased in time together can lead to greater conflicts or worsening of a relationship, and you have to be on the same page, at least to a certain degree when it comes to retirement, because if not, it can cause a lot of turmoil there and conflict, as I said, and it's a real thing. I've worked with many clients that, unfortunately, upon retirement, decided to part ways, you know, with the with the marriage. So it is a real thing. It does happen. So being aware that that could happen can help you to not have it happen. You know, to you, essentially, I

Alex Murguia 22:56

chime in here, and I say this because I'm not retiring anytime soon or anything like that. But there's been a change with me and Christy, my wife. And what I mean by that is, okay, my twins are our twins are graduating this year, 18, so boom, they're out. And it was big time soccer, right? Big Time soccer players traveling all over the country, things like that, and I have 115 year old left, but this sort of, you know, down on this sort of, like reduction of soccer and all of this, we have come to realize with what we've come to realize is our relationship has been defined, at least while the kids have been growing up as sort of parents and soccer parents at that, you know, where everything revolved around that, and we're realizing right now that we need to redefine our relationship. You know, I you know, it's all about, you know, maintaining the same trajectory as you're with your companion, if you will. You know, the same the person who you were in your 20s is not who you were in your 30s is not who you were in your 40s, 50s, 60s. And so the I, you know, you know, maintaining sort of a complimentary relationship is harder than you think. And so we're going, we're not retiring, but I think when we retire, we're gonna kind of reintroduce that same dynamic that we're going through right now, which is, okay, we're not no longer just, you're always a parent, you know, but you're no longer kind of, you're defined by just, you know, make making sure your kids are alive by the time they're 18. They go to the university. They're good kids, you know, that kind of thing. It really is. We're entering that second stage, and I say kidding me with the pickleball stuff, but Christy starting to play pickleball with me, largely because we're realizing we're gonna have a lot more time on our hands. This is something we can do together to sort of discover this, you know, activity between, you know, I'm getting it, and I think that kind of dynamic, you. Begins to be replayed when both parties are retired. I'm just saying that, and I think when you don't see that reconciliation or that orthogonal fit, things start to go awry. My two cents, Wade, Jason,

Wade Pfau 25:15

it's a great point, and especially for individuals working outside of the home, that whole idea of that eight hours you spend at work you're now both at home at the same time together, just making sure to manage that, and also expectations, this may be going back to more traditional like stereotypes about relationships, but if that person who is away at work all day is now at home and expecting to be taken care of, and the spouse does not have the same expectation that now the other spouses retirement is going to give them a new full time job to take care of this person, that that's really where the relationship can go awry, and so having the right expectations communicating with each other, What the what each person expects out of the relationship, looking for ways to do things together exactly like you're saying Alex with the

pickleball, but also respecting the idea that you may not want to spend an extra eight hours a day together. So having your own structured time away from each other in the day is also and respecting each person's ability to do things on their own as well. Not everything is going to be together all the time, I think are really important aspects of trying to define a positive way forward with that additional time spent together,

Jason Rizkallah 26:35

agreed, there's not much more I could add to that. I mean, just to cover what Alex said, you know, that the interest of doing things together. And then also what Wade said, the interest of doing things apart, too, as well. I mean, I like fishing. My wife is does not like fishing, so that would be something that I would want to maintain. And she has respected the fact that I like this, this sport, and allows me to do it, you know, she likes to do other things that I don't have an interest in, and so, you know, she goes ahead and goes ahead and does those, and that's okay. I mean, we're fine with that, as long as we do come together, you know, at times, and do things together too. So it's finding this balance of one respect of each other's, you know, kind of wishes and and what they want to do and their interest, but then also finding the common ground too. And it's, you know, easier to say than do, but it's something that that should be worked on and planned out, you know, with with your spouse.

Alex Murguia 27:32

No, Right on man. All

Jason Rizkallah 27:35

revolves around communication, as Wade said, yeah,

Alex Murguia 27:37

yeah, yeah. All right. Number What other items?

Wade Pfau 27:43

Yeah, let's talk about just social connections and the idea that when you're at work, you may have all these work friends and social connections and meeting around the water cooler, and everything that happens with just having those relationships at work, and now you've retired and all that's gone. So let's kind of talk about that lifestyle change in retirement, and how that can be negative, and how to potentially create a positive out of it. Yeah,

Jason Rizkallah 28:10

I mean, much like the identity the first point that we had made, you know, a lot of our social network can evolve or revolve and evolve from work, right or around work, you know, I can, I can think back to some of some of my best friendships that I've had, and continue to have, even to this day, came from work, you know, meeting at meeting at a company, meeting at the similar job, or something of that nature. Even Even my wife I met at, you know, where I was working at that time. So you know it, you build this kind of social network around, you know, where you work at in what you do and when that stops right. There might be a handful of relationships that you maintain, you know through after you leave, let's say the the company, the job, whatever it is, once you leave it you there might be a few people that you maintain contact with, hopefully, but it isn't, it most likely isn't going to be much, you know, for most folks, it's there's a significant fall off of the communication that they have in the relationships that they develop there. So kind of, you know, being aware that this could happen, this this increased social isolation, if you will,

which, again, can lead to other health concerns to be aware of is important. And so how do you kind of, you know, again, combat that? How can you have that not have such a great effect on you well

Wade Pfau 29:35

and just also on that point too, even if you do maintain those relationships with folks from work, monthly lunch meetings and things gradually over time, if they're still working, they're going to have their own inside gossip or things going on at work that you're no longer really knowing what's going on anymore, and so feeling like you're not really as able to engage in those conversations, because they're kind of. Are talking about work ethics that you just are not on top of at this point. So I think good connections, it may gradually just decline as well, and anticipating that 100%

Alex Murguia 30:13

we're almost, I mean, we're, we're largely remote right now. You know, McLean and retirement research and the like, and it's kind of state, but, you know, I remember times where, you know, the lunches, what it is is there's a convenient way to go out, like, hey, let's all go out, you know. And you, you gather three or four people, and you go have lunch, right together. And to Wade's point, you talk about whatever, you know, some water cooler issue at the office. But if you're retired, if you're the only one in that group that's retired, sure, they may invite you once a month or something like that, but after a while you do feel like you're out of the loop. And so I think this, I think what occurs here is, look there, you know, you know, certain people orbit your your universe, your solar system, for certain number of years, right? And then they don't anymore, because you've moved on in a direction. I think it's as much reduced social connections to the work. It's incumbent upon you. And this goes back to it almost bleeds into the loss of identity, increase in unstructured time, changing in your routines, increased time was sponsored. It's incumbent upon you to find a new network, to some extent, that shares similar, a cohort, if you will, that that has many similarities, because then you can sort of regenerate that, that orbit of friends that sure you always love and respect those at work. But it's hard if you're just in different orbits in the same sense that I'm sure Christy and myself are going to have different friends in the next 10 years than we had in the last five years, because our friends in the last five years were parents of soccer players, right? That we see them every Sunday or Saturday at every game twice, if not more. You kind of travel to games together, you know things like that, and they're very good friends, but now that the kids aren't connected, what happens right? And so that, I think that's a similar analogy to work, and you just have to build new ones from there, if not. And that goes back to making sure your identity is right, your structure, time is right. You've you have routines that put you in a position that you can facilitate a greater network

Wade Pfau 32:27

that is the bottom. This can also relate to moving in retirement too, because if moving is a part of the retirement plan, and this also then connects to the relationships with the spouse, if one spouse is more outgoing than the other, establishing that new social network may be easy for one person, not so easy for the other person, or may not be important for the other person, or whatever the case may be, that can become a source of conflict as well. So But Alex is right, though, that to the extent that you need the social relationships to not feel lonely and isolated. Just trying to take advantage of some of that unstructured time to build those new relationships and social networks is kind of the direction to to have something more positive coming out of that. So

Alex Murguia 33:18

So wait, since this is recorded when I'm 66 and I give you a call and I say, Hey, wait, let's catch up. What kind of answer should I expect from you?

Wade Pfau 33:32

We'll see how that goes. No, no.

Alex Murguia 33:40

With style.

Wade Pfau 33:47

Find me.

Alex Murguia 33:53

And what's the what's another lifestyle change for retirees that you know that they're gonna have to come to grips with.

Wade Pfau 34:03

So the last one that we want to talk about with you, Jason, would be the just Health and the Aging Process and dealing with the reality that as people age, there's going to be changes. Then, not necessarily dramatic changes, but gradual changes, like I can no longer read things in front of my without putting them right up in front of my face anymore, that sort of thing, gradual effects of aging that are the reality of life. And so how to manage the negative response and try to have a positive response there? Yeah, the last topic,

Jason Rizkallah 34:38

I mean, the obviously, Wade spoke about some of the negatives, right? Like, just naturally, your body is going to not be able to do things that it used to do, or not as do it as efficiently as it used to. And just understanding that, that is a part of the aging process, right, we all are going to go through. You know, I play, you. A couple games of basketball, and I'm recovering for two days now before I recovered for 20 minutes, and I could play, you know, for again for another two hours. So it's just knowing that your body is not, you know, gonna react or heal the same way that it did before, from a physical standpoint now, from a mental standpoint, where some of the things that that we've already mentioned right is that if you don't realize the things that you could encounter, like losing your work identity, your structured time, the routines that all can play a negative role on the on your mental capacity and your mental health,

Wade Pfau 35:39

and then worsen your physical health too. You have to avoid that negative feedback loop of like, if you're not, no longer have the reason to get out of the house, and so you end up staying home all day, and then you're more sedentary, you're not exercising, or you pick up bad How does your health? They get worse, which then just makes it harder and harder to break out of that cycle. And so doing all you can to avoid getting into a negative feedback cycle of worsening health. That's right. So that's physical activity.

Alex Murguia 36:06

And again, we're framing all of these in, well, not all of these, but we're focusing, to some extent, on the negative parts of retiring. I don't want people to think, Jesus, I'm never going to retire. This is what gonna hit me in the face. It's really more you had, you know, you had the ability to choose how you want to respond to these things. You can, but they need a response, because not responding will most likely lead to a negative outcome, but responding to it and having the right expectations for it, and, you know, taking little steps towards addressing them, you will have a fulfilled retirement.

Wade Pfau 36:46

And yeah, certainly we don't want to dwell too much on the negative side, because overall, and we've seen this in surveys we've done with the recent research that, generally speaking, retirees feel better about life than pre retirees. So people are figuring out a way to overcome these negatives. It's really just pointing out what these negatives may be and making sure you're aware of them and ready to to manage that in a more positive direction.

Jason Rizkallah 37:09

Yeah. I mean, there's a certain there's a certain part of planning for retirement that is awareness, right? It's just making you aware of things along the way, some that may apply to you, some that may never apply to you, some that may apply to you in five years, but not today, you know. So just being aware, though, is adds a lot, a lot of value. Is important, you know, once you're going into it

Alex Murguia 37:33

all right? So let's say, Jason, you take the previous episode that we did about, you know, setting yourself up, and this one about, you know, these things are things that you're going to have to actually address. And you got that down. Now we got to put numbers behind things to make sure that there's a road map for force, you know, for this person. What happens there? How do you put all of this into practice? Yeah,

Jason Rizkallah 37:58

um, well, that, that, that, again, is easier said than done, right? So you have to have some direction. So you went through the thought process that we kind of laid out, you know, identifying some of the activities you may want to do, some of the pitfalls you could fall into, and what you could do to avoid those. So kind of bringing this into action, putting this into play for you, can be done through, like a planning type of engagement or exercise, if you will. You can do it yourself. You can enlist the services of professionals to help you with it, or do it for you. But it's kind of putting all this into action, and it really it leads off with two, two kind of areas, you know what we would consider, one being the RESA and the other being the funded ratio, those are the two things that kind of lead off, or can help to lead that. So

Alex Murguia 38:46

this is, this is our workflow. So once we've had this, this sort of information gathering about, conceptually, retirement and the existential issues, and I don't mean to put that in a shelf and say, Okay, next, because that that is an ongoing thing, right? But for the purposes of this podcast, once you want to begin to apply numbers and strategies to it, yeah, we do feel strongly that there is a workflow, that there's an order of operations, better said that, I think, is addressed. The first one is Arisa, and that's the retirement income style awareness, which is the assessment tool that spawned this whole podcast, which really is trying to get at how do you

want to source retirement income? There's many ways to get it right, and we want to, at least directionally speaking, figure out which one appeals to you the most, because then planning can be done around that. And that goes to the funded ratio that you also discussed. Wade, funded ratio definition. You want to give that a crack. Yeah,

Wade Pfau 39:40

yeah. So after getting an idea about your retirement style, then you really just want to have a financial plan that looks at, are there going to be gaps where that retirement style becomes relevant? So the funded ratio is a tool we developed to gather all the household assets, and that's not just financial accounts and things. Earnings, but also, if you're still working the value of your future earnings, the value of your future social security benefits, collect all your assets, calculate their values, and then figure out all your liabilities, or all your expenses for retirement. How much do you want to project being able to spend on an ongoing basis? What kind of contingencies do you want to plan for, such as long term care? Do you want to leave a legacy behind at the end? These are all liabilities or expenses that need to be funded. And the funded ratio is a tool to let you look at, do you have enough assets to meet all of your goals, liabilities and expenses in retirement. And if you're, if you're ever funded, you're you've got more assets and liabilities. If you're underfunded, you have less assets and liabilities. And we also talk about how you can look at that category by category, and it's really when we talk about the retirement income style for meeting basic expenses, that's Do you have sufficient reliable income to meet the basics if not? How do you fill that gap in the four broad retirement income styles provide different solutions to fill that gap, whether it's an investment portfolio, whether it's a commercial annuity, whether it's a bond ladder, that's really what the retirement income style seeks to address, and that's you merge the retirement income style with the funded ratio, you've basically got a basic financial plan and then a path forward about what you might want to do to make tweaks to that plan, to make sure you're on track and you've got your your reliable, uh, essential expenses covered in retirement. And so that's the the next step, and you can do that on your own as part of our retirement income challenge. Also, if you want someone to just skip that step and have someone help you with it. Jason, risk call is always available to help people with one time financial planning, and can certainly reach out to him. But if you're still just wanting to explore further and thinking about the possibility, you can join us for our retirement income challenge, which is a free four day program we'll meet it's August, 26 to August 29 from 12pm eastern to 2pm eastern each day. So two hours a day, four sessions, eight hours total, free to sign up and to be a part of that. And we'll walk through the RESA, and you'll have homework to make sure you've taken the RESA. We'll, we'll walk through the funded ratio, and you'll have the homework to calculate your funded ratio. And we'll, we'll walk through then how to translate and implement or understand what the recent funded ratio are telling you, and then we'll get more into these non financial considerations as well, like we've been talking about in the podcast too. Make sure that after that week long program or the four day long program, you've got a good foundation for thinking about your retirement and a good path forward for what you want to do next with implementing your financial plan. So we do have a link to sign up in the show notes, and if you are listening to this podcast in the future, this is something we do tend to do a couple times, or three or four, probably more three times a year, I would guess, where we'd like to have these open retirement income challenges, and we can have the up to 500 people joining those so it's an opportunity to help a lot of people all at the same time. And it's always a lot of fun to do. Fun to do those. So we hope to see you at our funded ratio. And Jason will be part of that. Bob French will be part of that. I'll be there. Alex will be there. Great opportunity to see you with the I think we'll do that as a Zoom meeting, not 100% sure, but we may be able to see you on

camera as well as part of that session. So it's again, August 26 August 29 and it's 12 Eastern to 2pm eastern each of those days.

Alex Murguia 43:31

Yeah, that's great. Oh my goodness. Here your infomercial. Ready, ready? Wait.

Wade Pfau 43:41

Sign up now

Alex Murguia 43:45

to put Flex tape on the screen. That was awesome, man and Jason with that too. Is that enough? Should that get you going? I think it's a great offer. The whole retirement income plan. That's why we did these podcasts, to kind of lead into this, to really stir the pot and contextualize what the retirement income challenges, anything missing, there, any add ons, potentially afterwards, or whatnot. Well, the

Jason Rizkallah 44:13

the retirement income challenge, it's, it's meant to get you started, right? I mean, that's, that's really the idea. Help you organize your thoughts help you organize things to begin the planning process with you. You know, if at the end of the challenge, it seems like something that you want to be helped with or something you want done for you, so that you know you're you can assure yourself that you didn't miss anything or misinterpret something or look at something the way it shouldn't. You know, there's always help out here that can help. McLean has a service, the planning service, that can help with that. It's called standalone planning engagement. And you know, you can seek something like that kind of service for folks that really want it to be done for them, and to make sure that all kind of rocks are Unturned appropriately. But the challenge does give you the building blocks to be able to, you know, go at it. It on your own, at least to a certain point that you feel comfortable with. So I think there's a lot of value that's

Alex Murguia 45:07

added there Excellent. And that concludes today's episode. Anything else? Wait, Jason,

Wade Pfau 45:14

no thanks for listening everyone, and we'll catch you next week on retirement style. Thanks

Jason Rizkallah 45:19

for having me

Wade Pfau 45:19

on Yeah. Thank you. Jason,

Alex Murguia 45:22

take care. Pleasure. Bye, bye bye.

Bob French 45:24

Wade and Alex are both principals of McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, Virginia. The opinions expressed in this program are for general informational and educational purposes only, and are

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