



The Krygier Report

An exclusive newsletter from Mark J. Krygier, Senior Portfolio Manager | July 2023

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Retiring? To do what?

“Freedom 55” - do you remember that great marketing slogan of the 1980s? Fewer ads created more of a retirement mindset than that one and, boy oh boy, was that one off the mark. The idea behind that ad was that everyone should aspire to retire from their working lives early so they can live out the rest of their lives in peace and serenity. Golfing and fishing in the summer, skiing in the winter and sitting by the fire watching the embers burn...ahh...what a life! HOWEVER, with people living on average into their mid-80s, and we all know plenty of people who live beyond the Octogenarian stage, the reality is that it is really hard to transition from a life in which one has a reason and motivation for getting up each morning, and perhaps one in which others are depending on you for support in some way, to a life without that regularity of need. One does not have to look far to find people, typically but not exclusively career-oriented men, who start to deteriorate both physically and mentally in the years that immediately follow that magical age of retirement. Recently, in some workshops I attended, I met some former financial advisors who have moved away from providing investment advice to instead becoming “life coaches” for those in contemplation of retirement or for those who have recently retired. Their motivation came as they noticed that far too many people focus only on the financial side of retirement, in trying to save enough funds and to invest reasonably with those funds to provide for themselves financially in their “golden” years. The problem arises when most forget to stop and think about what will their life in retirement look like? This is a very different question from that of financial planning, and one that requires introspection, something few of us are used to doing, in a world of instant communication and instant gratification.

The key to a successful retirement, in my opinion, comes from planning for a life of meaning and fulfillment - beyond one's prime working years. However, without a plan of how to go about leading a life of meaning in one's post-working years, this may seem to be a monumental task. We need to seek out ways of stimulating our minds, maintaining our bodies, and nurturing our souls. Whether it's maintaining a part-time work schedule, mentoring the next generation of leaders, or volunteering for a non-for-profit institution in the area in which one has developed expertise, it is crucial for each one of us to feel needed on a regular basis. If during one's prime working years one must constantly battle to maintain one's own physical and psychological health, how much more so this is true after one has undergone major upheaval to one's daily routines. Outside of the work to retirement transition, even traditional stay-at-home mothers need to find a replacement for the demands on their lives as their children age and leave their parents as “empty nesters.” A 2015 study by *Ameriprise Financial*, labelled, “*Retirement Triggers Research Report*,” found that an amazing “**69% of retirees** face challenges adjusting to their new life,” and that figure had risen from only 33% in a similar study in September 1990, by the journal “*Psychology and Aging* 5, Volume #3”.

What are the reasons it is becoming harder to adjust to retirement?

- 1. First, as mentioned, is the increase in longevity.** In earlier generations people worked into their 60s, and most passed away by their early 70s. Today when someone passes away in their 70s the common reaction is, “they were so young.” That means a lot more planning is needed for what will hopefully entail many years in retirement.
- 2. Secondly, lifestyle expectations** have exploded in the developed world. Vacations have become more exotic, and the demand for more excitement and more avenues for entertainment have increased exponentially.
- 3. Thirdly, there are no road maps or role models** for “how to retire”. There are plenty of advertisements for modes of entertainment or travel, like cruises to exotic locations, as well as advertisements for various retirement living options, but there is little guidance as to “what does my day look like when I am not golfing”.
- 4. COVID disrupted everything!** Working from home, disruption of routines, early retirement or career changes, and other lifestyle changes were changed permanently for many because of the pandemic. We all need to think about what’s most important to us, which relationships we want to foster, and what we want to do with our time.

Bottom line

Let’s be clear, having a “bucket list” of things to do is NOT a plan for the day-in and day-out of retirement. For those in contemplation of retirement, and even more so for those already retired, it is crucial to sit down and address how you want your life to unfold. We need to have those conversations beyond just discussing about whether the Dow Jones will be up or down this year and instead focus on things that really matter. Developing a growth mindset and scheduling a lifestyle that allows for growth is the only way to continue to live a life of meaning! Let us know how we can be part of that conversation.

Global benchmarks

As of June 30, 2023 (Canadian \$ Returns – except where noted)

Asset class	YTD	1 year	3 years	Asset class	YTD	1 year	3 years
S&P/TSX Composite T/R (Canada)	5.7%	10.4%	12.4%	30-year U.S. T-Bond - US\$	3.6%	-8.9%	-13.8%
S&P 500 TR - US\$	16.9%	19.6%	14.6%	10-year U.S. T-Bond - US\$	2.0%	-3.6%	-7.2%
NASDAQ Composite - US\$	31.7%	25.0%	11.1%	Long GOC Bond (2053)	5.8%	4.1%	-12.8%
MSCI Europe Index Price Return	8.8%	21.9%	7.0%	10-year GOC Bond	1.8%	2.8%	-5.6%
MSCI Emerging Markets	1.1%	1.7%	-1.0%	5-year GOC Bond	0.3%	0.5%	-3.0%
China S.E Shanghai A Price Return	-3.7%	-10.5%	0.6%	3-month CDN T-bill	2.1%	3.4%	1.2%
MSCI World Index Price Return	11.4%	19.8%	9.5%	US\$/CDN\$ (1.3236)	-2.3%	2.8%	-0.8%

Source: RBC Capital Markets Quantitative Research

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