



# Investment Insights

Kevin Kennedy

## The New Age Retirement

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What exactly is “retirement”? And when should you “retire”? What will you do with your time? A generation ago, the answers were easy: play golf, relax, take it easy. Now, due to medical advances and societal changes, the answers can look very different.

Some people figure that they are old and should retire when they are eligible to receive Social Security and pension payments. However, even that definition is changing. The first pension system, started in 1889 by German Chancellor Otto von Bismarck, set retirement age at 65. How did von Bismarck pick age 65? He asked an advisor for the age at which most government employees were dead, and the answer was “65”. Back then, life expectancy was only 45 years, so reaching 65 truly was an accomplishment.

Here in the United States, many 65 year-olds are as active as their children and grandchildren. Heck, astronaut John Glenn traveled into space at age 77! By the year 2050, one in eight Americans will be over the age of 75. Over the past 100 years, life expectancy in the United States has risen from 47 years to over 77 years. Generally speaking, we can expect to live about 15 years longer than our grandparents. What will we do with these extra 15 years?

Life used to follow a relatively simple road map: you were born, went to school, got married, had kids, retired, then died. Any deviations from this plan were frowned upon: having kids before getting married, getting divorced and re-married, going back to school later in life to pursue a new career. Today, the road map for life looks different for many people, and the awareness of longevity and personal satisfaction continues to spur change.

Last year, one in five college students was over 28 years old. Some of the fastest-growing learning institutions cater specifically to working people (know anyone who’s attended the University of Phoenix?). In contrast to long-term employment of past generations, the average American today may have three or four careers during their working life (know anyone under 50 who’s worked for the same company their whole career?). The road map for life today has more zigs and zags than Lombard Street.

How will you use your additional 15 years of life? Is 15 more years of playing golf at the tail end of your life the best way to use them? What if you sprinkled those 15 years throughout your life, taking time out to go on sabbatical, re-educate yourself, raise a family, or volunteer in a personally rewarding venture? Why should those 15 years be hoarded for late in life? What would you find most satisfying?

The key ingredient for success is to design your own road map. As the saying goes, “People don’t plan to fail, they fail to plan.” What’s your five-year, 10-year, life-plan? Grind it out at the job you dislike for 20 more years so at age 60 you can sit around for 30 years and rest? Pass on your dreams and aspirations now so somewhere down the road you can hopefully pursue them?

Look around; everywhere around you you’ll see people pursuing their dreams in very non-traditional ways. Go to the senior center and see 65 year-olds learning to use computers (wouldn’t Otto von Bismarck be surprised?). Check out the local college, and see the business executive getting a teaching credential. How can they do this? They had a plan, thought outside the box, and took the steps needed, both financially and emotionally, to make it a reality.

The age-old question, “How much do I need to retire?” is almost irrelevant today. Build a plan around your goals and road map, and commit yourself to doing what it takes to support your own success. You may find you never grow old!

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