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Talk about more than money when readying clients for retirement

Work provides people with structure and purpose. Make sure your clients won't feel adrift without it.

By **Courtney L. Vien**

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Retirement expert Nancy Schlossberg was speaking with the retired CEO of a *Fortune* 100 company when he brought his fist down on the table.

"He said, 'This is solid. What I have is not solid,'" recalled Schlossberg, Ed.D., professor emerita at the University of Maryland and author of *Revitalizing Retirement: Reshaping Your Identity, Relationships, and Purpose*. "I have all the money in the world; I can do what I want. But I don't feel powerful anymore. I hadn't even thought about what life would be like in retirement."

The former CEO's situation is surprisingly common: Many people fail to plan for how they'll spend their time in retirement (for advice for clients facing unexpected retirement, see the sidebar "When Your Client Is Forced to Retire"). "Many people are heavily invested in work. They are in denial and don't want to prepare," said Schlossberg. "Or they've simply never thought about it. Our culture tends to define retirement as leaving work, full stop, and doesn't encourage people to consider what they'll do after."

Instead, most individuals' retirement planning focuses on finances — and for good reason. Longevity is increasing, and consequently, retirements are getting longer and harder to finance. Health care costs in retirement are high and require saving and careful planning to manage.

That said, there is another side to retirement planning that goes beyond the financial, and it's one that some CPA financial planners are addressing with their clients. In the process of discussing clients' savings, portfolios, and estate plans, they also talk about their clients' goals for retirement and about how they plan to spend their time once they leave work. These conversations can provoke clients to consider aspects of retirement they have never thought about before and, in doing so, increase their chances of happiness and success in retirement.

The conversations benefit CPAs as well. When planners have a clearer picture of what their clients want to do in retirement, their planning can be more precise. For example, Jean-Luc Bourdon, CPA/PFS, founder of Lucent Wealth Planning in Santa Barbara, Calif., said that many couples don't realize they have different goals for retirement until they are invited to talk about it (see the sidebar "Help Couples and Families Get on the Same Page"). A couple may discover that one partner aims to travel extensively, while the other envisions relaxing at home. The couple will need to work out a compromise, and as they do so, their financial planner can adjust any projections about their travel budget.

PREVENTING TROUBLE IN PARADISE

Discussing clients' goals prior to retirement can also help prevent some of the malaise that strikes many retirees once the initial "honeymoon period" of their retirement is over. People approaching retirement tend to view it as a time of rest and relaxation when they'll have the freedom to do whatever they like. The reality of retirement can be very different.

Many clients aren't aware of the many psychological and social benefits of work until they no longer have them. Work gives people a sense of identity and purpose, mental stimulation, and social interaction. Retirees must find a way to fill all these needs, almost from scratch.

Those who aren't able to re-create some sense of structure can feel unmoored. "At every step of our lives we've had structure provided for us, from school on," Bourdon said. "Retirement is a blank page each one of us has to fill for ourselves. A lot of people find the lack of structure is disorienting."

Retirees also lose the daily social connection they used to enjoy in the workplace, Bourdon said. "People we might have spent years working with might lose interest in maintaining the relationship after the work relationship is over," he observed.

Retirement upsets the balance of labor and leisure that many people experience during their working years. Retirees can go from not having enough time to do as they please to having too much.

"When you have leisure all the time, it's not as fun," said Mitch Anthony, author of *The New Retirementality*, who coaches financial advisers on talking about retirement with clients. "People get bored with golf really quickly. Leisure draws its meaning from serious engagement."

Lack of purpose and engagement in retirement can even affect retirees' cognitive health. One UK study found that verbal memory declines 38% faster after retirement than it does before.

"The brain's an organ. You can't just park it and expect it to stay sharp and lucid," Anthony said. Many people he has worked with have told him they have struggled with cognitive sharpness in retirement. One man even told him that within six weeks of leaving work he found he was struggling to find words when he talked on the phone. (That man ended up going back to work part time.)

HOW TO TALK TO CLIENTS ABOUT THEIR PERSONAL GOALS FOR RETIREMENT

Some of these issues, though, can be circumvented if clients have a clearer idea of what to expect in retirement and if they create a plan for filling the space in their life that work once did. "They need to reframe who they are in terms of what they want to accomplish in their life," said Kenneth Shultz, Ph.D., professor of psychology at California State University, San Bernardino, and co-author of *Happy Retirement: The Psychology of Reinvention*. That's a task that can take years, even decades, but CPAs can help start the process by encouraging clients to reflect on what they want out of retirement.

There are various ways to bring up the qualitative aspects of retirement with your clients. Some CPAs do so in a highly structured fashion, devoting several meetings to clients' nonfinancial goals (see "[One CPA Financial Planner's Approach to Retirement \(/issues/2020/sep/mackey-mcneill-cpa-pfs-approach-to-retirement.html\)](#)") while others take a less formal approach. Here are examples of how some CPAs and other experts tackle the softer side of retirement:

'THOUGHT PROVOKERS'

Bourdon gives clients a list of questions to ask themselves. Called "thought provokers," the questions, which were developed by retirement coach Ann Harrison, contain such items as "What activities do I enjoy now?," "How will I fill my schedule?," and "What am I curious about?" He then goes over clients' answers and asks them how they will schedule the activities they mentioned into their week.

"Approaching the qualitative aspect of retirement really requires a comprehensive plan with a lot of structure — more than just general thoughts about what retirement is going to be like," he said.

He recommends that CPAs "develop a set of tools they can point clients toward to help them evaluate the qualitative aspects of retirement." An alternative, he said, would be to put together a list of resources, such as books on retirement and the names of retirement coaches, they could direct clients to.

CHECKLIST APPROACH

Ted Sarenski, CPA/PFS, a wealth manager at Capital One/United Income in Syracuse, N.Y., has retirement conversations with clients that may feel informal but are in fact carefully planned. He has created a checklist of things to talk about with clients. For instance, he might ask couples, "What does retirement look like for each of you? What do you see yourself doing?" and note how their answers differ. Or, as he is located in Syracuse, N.Y., he might ask, "You've always lived in this area. Do you have plans to move to a warmer climate?"

Later on, Sarenski said, he will ask "the hard questions" about death and aging. For example, he will ask a couple, "If something happened to one of you tomorrow, what would the other one do? Where would you live: stay at home, downsize, or move to be closer to your children?"

SELF-REFLECTION

Anthony suggests that advisers give clients "self-reflection tools" to help them think through retirement prior to their conversation. One of these tools is a worksheet that lists 10 lifestyle and 10 cognitive benefits of work, including such items as "feeling relevant," "solving problems," and "having a social network." Clients rate the items 1 to 5 based on how important they find each one, and advisers can use their answers as a springboard to talking about how clients can fill those needs outside the workplace.

PRACTICE DISCUSSING THE NONFINANCIAL SIDE OF RETIREMENT

Some CPAs are more comfortable talking with clients about money than they are about the less quantitative side of retirement.

Asking these types of questions requires a certain comfort level with discussions that may become emotional. As Sarenski observed, "Many CPA financial planners are certainly very involved with the numbers and often don't get into the soft aspects of things."

He recommended that CPAs accustom themselves to having deeper conversations by starting at home. "We often have surface-level conversations with our families, but we can learn to ask them about things like difficulties in their lives that they're struggling with," he said. "Become a better listener as opposed to a transactional listener."

Shultz and Schlossberg both suggested that CPAs educate themselves and their clients about the psychological aspects of retirement, for instance by encouraging clients to read books on retirement, or by taking retirement workshops and courses.

As an additional benefit, learning more about retirement can prepare you for your own, said Bourdon. "Ultimately, we'll need the information," he said. "We can first learn for the clients, but in the process we're learning for ourselves."

Speaking with clients about their nonfinancial goals not only gives them a more realistic picture of retirement, but can also get them more excited about this phase in their lives. And retirement, Schlossberg said, should be viewed as exciting.

"If you have enough money to live on, retirement gives you an opportunity to test and try new things," she said. "People who retire successfully are those who have found a new path. They are satisfied with what they are doing, knowing today is not forever and they will be a searcher again."

When your client is forced to retire

Retirement catches many people by surprise. Job loss, health problems, or changes in family circumstances cause some clients to retire sooner than they expected. Sudden retirement can be a difficult event for them to cope with, both psychologically and financially. CPA financial planners share advice for clients who are forced to

retire:

- **Take time to think things over.** Though finding out you must retire sooner than you expected can be a shock, it's important not to panic, said Ted Sarenski, CPA/PFS, a wealth manager at Capital One/United Income in Syracuse, N.Y. "This is a life-changing event, so slow, careful reflection is needed to arrive at a decision you can live with," he said. "Rushing into anything could cause many regrets later."
- **Seek professional advice about both your financial and personal goals.** As Jean-Luc Bourdon, CPA/PFS, founder of Lucent Wealth Planning in Santa Barbara, Calif., stated, "Retirement is a challenging transition under the best circumstances." He recommended that people facing sudden retirement visit an adviser for a "financial checkup" to help them "delineate possibilities, address pitfalls, and seize opportunities."

Sudden retirees should also take a psychological inventory, ideally with the help of a professional, Bourdon suggested. "Like all significant transitions, an accelerated retirement invites an assessment of sources of resilience and an exploration of possibilities ahead," he noted. "These are important and challenging steps that greatly benefit from professional guidance."

- **Review your budget and savings.** Sarenski suggested that sudden retirees "examine their budget and trim it down to the truly essential expenses" and that their advisers review their retirement savings to analyze the amount of risk they are taking in their investment portfolio. They might consider reducing the risk level, he said, as they may need to take withdrawals to help meet living costs.
- **Consider part-time work.** Part-time work can benefit sudden retirees in multiple ways. It can be a source of health insurance for retirees who aren't yet eligible for Medicare, Sarenski pointed out. But it can also help sudden retirees feel happier and more secure, Mackey McNeill, CPA/PFS, the CEO and president of Mackey Advisors in Bellevue, Ky., said. "Doing something you love, part time, that will provide some income might be fun, rewarding, and make the rest of your retirement more generous," she said.

Help couples and families get on the same page

One important reason to encourage clients to discuss their nonfinancial goals for retirement is to help prevent conflict with their family members down the road. Spouses and partners may envision very different things when it comes to retirement. Often, however, they don't realize their visions of retirement are misaligned until both of them have left work.

Ted Sarenski, CPA/PFS, a wealth manager at Capital One/United Income in Syracuse, N.Y., has witnessed this phenomenon many times in his years as a CPA financial planner. He recalled one client who got so bored in retirement that he reorganized all the food in the cabinets and cookware in the kitchen. The man's wife, fed up, insisted that he get out of the house more.

Sarenski said he tries to get couples to discuss their goals for retirement. "We try to get that out, what each of them thinks retirement looks like," he said. He stresses that he is not a marriage counselor and that it's up to the clients to work out their differences on their own.

Having the conversation, though, is still worthwhile. "At least we get it out into the light, bring it out into the open," he said. "So many couples have not talked about what retirement will look like."

Conflict often arises when one partner has been retired, or has been a stay-at-home parent, for a long time before their partner retires, said Kenneth Shultz, Ph.D., professor of psychology at California State University, San Bernardino, and co-author of *Happy Retirement: The Psychology of Reinvention*. Suddenly both partners are spending a lot more time together than they're used to.

Clients sometimes "complain they see too much of their retired spouse," said Jean-Luc Bourdon, CPA/PFS, founder of Lucent Wealth Planning in Santa Barbara, Calif. "Intuitively, we assume that couples will want to spend all their time together. That's a romantic idea but not necessarily grounded in reality." He recommends that CPA financial planners have couples discuss how much time they plan to spend together in retirement.

CPAs may also want to bring other family members into the discussion, Sarenski said. Grown children, he pointed out, often have different ideas about their parents' retirement than the parents do. For instance, if they give their parents a good deal of support, they might think it would be better for their parents to move closer to them. But the parents might have friends or a social network near their current home that they would lose if they left, he said.

"For elderly people, having the independence to drive and live on your own is one of the last freedoms they have," he said. "They're dependent on somebody for everything else. And a lot of children don't understand that. They think they're helping."

About the author

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AICPA resources

Articles

- "[Why You Should Discuss the Nonfinancial Aspects of Retirement With Your Clients](https://www.journalofaccountancy.com/newsletters/2017/sep/nonfinancial-aspects-retirement.html) (<https://www.journalofaccountancy.com/newsletters/2017/sep/nonfinancial-aspects-retirement.html>)," *CPA Insider*, Sept. 18, 2017
- "[How to Talk to Your Clients About Travel in Retirement](https://www.journalofaccountancy.com/newsletters/2017/aug/travel-retirement.html) (<https://www.journalofaccountancy.com/newsletters/2017/aug/travel-retirement.html>)," *CPA Insider*, Aug. 28, 2017
- "[Best Places to Retire? It's Complicated](https://www.journalofaccountancy.com/newsletters/2017/jan/best-places-retire.html) (<https://www.journalofaccountancy.com/newsletters/2017/jan/best-places-retire.html>)," *CPA Insider*, Jan. 9, 2017
- "[These Steps Can Help You Embrace an Exciting Retirement](https://www.journalofaccountancy.com/newsletters/2016/jan/steps-to-embrace-exciting-retirement.html) (<https://www.journalofaccountancy.com/newsletters/2016/jan/steps-to-embrace-exciting-retirement.html>)," *CPA Insider*, Jan. 11, 2016

Podcast

- "[Lessons From the 9th Hole: What Current Retirees Have to Say](https://www.aicpa.org/interestareas/personalfinancialplanning/cpeandevents/learning-library/20190329p-lessons-from-retirees.html) (<https://www.aicpa.org/interestareas/personalfinancialplanning/cpeandevents/learning-library/20190329p-lessons-from-retirees.html>)," March 29, 2019

Publication

- *The Adviser's Guide to Retirement and Elder Planning* (<https://www.aicpa.org/interestareas/personalfinancialplanning/resources/retirementplanning.html>) (PFP Section member login required)

CPE self-study

- Retirement Planning Certificate Program (#166401, online access; #166481, exam and online access; #166470, exam only)

For more information or to make a purchase, go to [aicpastore.com](https://future.aicpa.org/cpe-learning) (<https://future.aicpa.org/cpe-learning>), or call the Institute at 888-777-7077.

Online resources

- Retirement Planning Learning Library, [aicpa.org](https://www.aicpa.org/interestareas/personalfinancialplanning/cpeandevents/learning-library/retirement-events.html) (<https://www.aicpa.org/interestareas/personalfinancialplanning/cpeandevents/learning-library/retirement-events.html>)

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