

Millennials: Traditional Retirement Might Not Be In The Cards

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As people work and live longer in better health, some experts are suggesting that retirement—a traditional retirement, in which you stop working entirely—may become a thing of the past.

“With a 100-year life becoming the reality for many, the idea of retiring at 65 with 40-plus years of retirement to fund no longer seems practical,” says Morag Barrett, CEO of leadership development firm Skyeteam and co-author of the forthcoming book, *The Future-Proof Workplace*. “Can you imagine the size of the retirement fund we would need to save up to cover this?”

Instead, Barrett and her co-author, business consultant Linda Sharkey, Ph.D., posit that retirement will instead become a series of sabbaticals. “Forget work-life balance,” Barrett says. “The future is that it is all life, with work as a part of it.”

After many conversations with Millennials for their book, Barrett and Sharkey believe the future will involve periods of work that fund a sabbatical, followed by a return to work to refill the coffers for the next sabbatical. “There will likely still be a period of retirement at the end of that journey, but it won’t be the same as we have experienced to date,” Barrett says.

Barrett and Sharkey see this trend as something that Generation Xers may dabble in, but the real sea change will occur as Millennials approach retirement. “As a Gen X, I have been able to take short sabbaticals, extended vacation time, with my family,” Barrett says. “However, it will be the Millennials and Gen Z who will really shape and drive this change.”

In the financial planning field, however, advisors are seeing some of this change happening already. “I am seeing this redefining of retirement and encourage it,” says Amy Jo Lauber, a financial planner in West Seneca, NY. “I’m always reminding my clients of the importance of having not only enough money to retire, but enough life to retire to, because otherwise they may feel useless and become lonely and depressed.”

Marla Mason, a financial planner in Greenwood Village, CO, also sees this in her work. “Many retirees actually leave a past career to pursue a fun job doing

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something that is a passion,” she says. “The new, fun job is not so much about the money. It’s about having fun and getting paid for it or reducing expenses. More people are retiring *to* something rather than *from* their job which may explain why they are living longer.”

“We have a number of clients who have crossed this bridge in their lives,” says Ian Weinberg, a financial planner in Woodbury, NY. “Several CPAs have decided, after being bought out of their firms thinking they would retire, that they are spending a lot of time either consulting to businesses or serving on boards of companies and charities.”

If a non-retirement retirement is the future, how should people prepare for it? The key will be a thoughtful approach to retirement and sabbatical planning. “This move to sabbaticals, and longer working lives as well as longer retirement lives, means we all need to pay attention and have the conversation about how we fund this,” Barrett says. “Unfortunately, many wrongly see retirement as being a long way off. Tomorrow comes very fast.”

Barrett and Sharkey also believe that the approach to saving for retirement will need to change. “At the moment, retirement plans are designed for long-term saving, with penalties for accessing the funds early,” Barrett says. “This will need to evolve and solve for long-term saving for retirement and short-term access for sabbaticals.”

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