
The Six Emotional Stages of Retirement

By Editor Test Tue, Sep 14, 2010

New retirees and people who are three to five years from retirement bear the emotional brunt of the financial crisis, according to Ameriprise Financial's New Retirement Mindscape II survey.

Americans' attitudes, ambitions and preparation for retirement have changed dramatically as a result of the recession. Five years after introducing the stages of retirement With its recent study, *New Retirement Mindscape II*, Ameriprise Financial revisited its 2005 *New Retirement Mindscape* study to take the emotional pulse of people approaching and in retirement.

The findings register the impact of the financial crisis, the difficult economic environment has had on people. In 2005, the U.S. economy was riding a prosperous high. "Five years later our society is in a very different place, and as a result, consumers are approaching retirement with a different mindset," said Craig Brimhall, vice president of retirement wealth strategies at Ameriprise Financial.

"The years leading up to retirement used to be filled with a sense of excited anticipation, but now we are seeing people hesitate and really question if they are making the right decision. And in the first year of retirement, a stage once synonymous with feelings of liberation, consumers are facing new doubts, concerns and the reality that retirement may not be what they expected," he said.

Based on telephone interviews with 2,000 U.S. adults ages 40 to 75 last May, The *New Retirement Mindscape IISM* study identified six distinct attitudinal and behavioral stages that occur before and during retirement:

- 1) Imagination, 6-15 years before retirement
- 2) Hesitation, 3-5 years before retirement
- 3) Anticipation, 2 years before retirement
- 4) Realization, first year of retirement
- 5) Reorientation, 2-15 years after retirement
- 6) Reconciliation, 16+ years after retirement

Stage 1: Imagination (six to 15 years prior to retirement) – People in this earliest stage preceding retirement are less "hopeful" (71% vs. 81%) and "optimistic" (72% vs. 77%) than they were in 2005. But 84% feel "happy" and 70% feel "enthusiastic" about retirement, perhaps because they still have time to recover from the recession.

Stage 2: Hesitation (three to five years prior to retirement) –Significantly fewer in the Hesitation stage

expect to feel “happy” in retirement than did so in 2005 (82% vs. 92%). Probably because of job setbacks and conflicting financial priorities, fewer in this group have set aside less money in employer-sponsored plans or taxable accounts than in 2005 (74% vs. 91%). They are less likely than those in the Anticipation stage to expect to greatly enjoy retirement (64% vs. 75%) or to save in non-retirement accounts (67% vs. 83%).

Stage 3: Anticipation (two years prior to retirement) – Excitement begins to build in the final two years before retirement day. People in the Anticipation stage are likely to feel “on track” for retirement (77%), possibly because they are also the most likely to be saving and investing (83%) and working with a financial advisor (54%).

Stage 4: Realization (retirement day to one year following) –The optimism and excitement that accompanied this stage five years ago have been muted by the recession. With sharp declines in the value of portfolios, as well as “forced retirements” due to layoffs and career setbacks, many people are struggling. Compared to 2005, far fewer enjoy retirement “a great deal” (56% vs. 78%), say they live their dream (45% vs. 68%) or feel that retirement has worked out as they planned (57% vs. 77%).

Stage 5: Reorientation (two to 15 years after retirement) – Most people enter the Reorientation stage feeling more “happy” (80%) and “on track” for retirement (69%) than in previous stages. They continue to enjoy having “control over their time,” even more than in 2005. More set aside money for retirement (83% vs. 72%) and are working with a financial advisor (43% vs. 34%).

Stage 6: Reconciliation (16 or more years after retirement) – Most people in the Reconciliation stage feel “happy” (80%), but they report more depression than in 2005 (20% vs. 5%). Troubled by the loss of income and social connections, only 56% say they enjoy retirement “a great deal” (56%), compared with 75% five years ago.