THE Walsh GROUP
OF
RAYMOND JAMES®

# Beyond the Dual Dilemmas—How Senior Executives Successfully Transition

A White Paper by Peter J. Walsh
Senior Vice President, Wealth Management
Financial Advisor

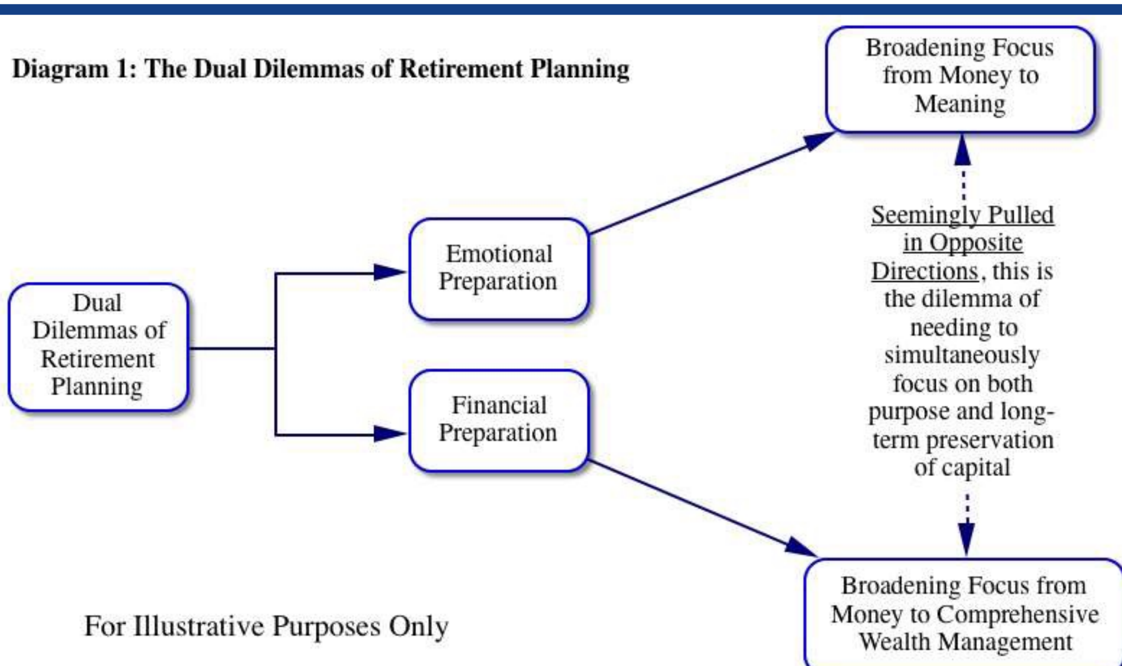
***A road map for a successful transition***

# Part I—Introduction:
# The Dual Dilemmas Defined

**As a successful** senior executive, you've likely been working 60-hour weeks off and on for a very long time, going 100 miles per hour. Colleagues, customers, clients, and committees—you wonder where all the time went. What does come and go are thoughts about your next chapter—that new phase of life, and what it might look like. The people, your passions, your life purpose…are all questions that need answers. Transitioning to enjoy what you've worked so hard to create and maintain can be both overwhelming and exhilarating. So how prepared are you?

Some senior executives take this realization in stride. They have created a long-term plan for how they want to enjoy their retirement with family, friends, recreation, hobbies, travel, and community service, just to name a few. They have also been proactively engaged in managing their finances, resources, and other big-picture responsibilities, with this transition in mind. Retirement, for such individuals, is not just something they are resolved to as an inevitable consequence of getting older, but instead it's a chapter of life they actively look forward to and are eager to engage on all levels.

**Diagram 1: The Dual Dilemmas of Retirement Planning**




For Illustrative Purposes Only

If, however, you are not among those in this proactive category, you can take comfort in knowing that you are not alone. Based on the many interviews that I conducted for this white paper, I believe that many senior executives are not sufficiently prepared for retirement in two important and distinct ways.

First, partly because of how hard they have been working—decisions and deadlines, coupled with active family lives—many senior executives may not be prepared financially for the transition. Even if, in theory, there is plenty of money, their portfolios are often scattered among multiple advisors, with risk tolerances that may be incompatible with preserving what has been accumulated for this new stage of life. They often face the task of turning a concentrated stock position into real cash flow, and they likely have only a thumbnail sketch of their future burn rate. Advanced planning issues—such as wealth enhancement, wealth transfer, and wealth protection—if at all on the radar screen, are only distant distractions.

Moreover, I believe many lack the kind of comprehensive financial planning—defined here as wealth management—that takes into account not just money but also the values and goals that money respectively ensures and provides for. Comprehensive wealth management, and specifically the advanced planning strategies associated with it, can often help provide the desired peace of mind and confidence necessary to transition successfully. Reducing the anxiety of such a change through an open discussion can be an excellent first step. This first step, however, often falls into the "I'll get to it later" category, but "later" is often too late when careful early planning across one's entire resource base can make a huge difference toward achieving ultimate outcomes in accord with real-world needs and heartfelt dreams. So, yes, a senior executive may have accumulated wealth and status for many years, but just as the cobbler's children go unshod, the executive rarely finds time for addressing his personal goals and his family's comprehensive long-term goals.

Second—and this was somewhat unexpected—in my opinion, financial concerns were not the most pressing set of issues revealed in the interviews. Instead, the challenges of preparing for and transitioning to a purposeful retirement constituted a much greater concern. It takes a spacious, thoughtful, and proactive process for most people to come to terms with mortality and objectively evaluate their life's priorities. For those who are not naturally drawn to this kind of inquiry—especially those with a demanding career—a second dilemma is encountered. Retirement is changing, explains David Corbett, an expert in career transitions. The idea of porchrocking, knitting, and golf have been replaced by a desire to find more purposeful interactions. Corbett calls the time after you leave full-time employment your "post-career years" and says these times can be filled with great promise and potential—if you give your retirement the advanced planning it deserves.

Therefore, the second dilemma of establishing realistic, purposeful aspirations to fill and fulfill the last third of one's life requires an even greater commitment of thought and discussion.

What makes matters even worse, however, as shown in Diagram 1 above, titled "The Dual Dilemmas of Retirement Planning," is that often the lack of emotional preparation seemingly reinforces the lack of financial preparation, and vice versa. That is, given the very real time limits that executives already face, there is an added dilemma of needing to focus on both meaning (emotional preparation for retirement) and on money (comprehensive financial and resource planning) at the same time. Even if the senior executive approaching retirement can find the time to devote to focus on one or the other of these, asking him or her to focus on both meaning and money at the same time seems like a daunting task. Such a requirement seems destined to maddeningly pull him or her in opposite directions, potentially resulting in a failed effort on both accounts.

Put differently, the same kind of diligence and focus that led the senior executive to a successful career initially seems problematic in two related and compounding ways:

- First, having applied that focus to his or her career, it is hard for the senior executive to break away from that work focus and instead focus on the "business of life" and comprehensive wealth management.

- Second, even if a split in focus between real-time career demands and the larger "business of life" (including planning for a long and successful retirement) can be obtained, asking for yet a further split of focus to now include the questions of meaning and purpose may be asking quite a lot.

Consider that multitasking is rarely as efficient (or safe…think texting while driving) as we think it is while we're doing it. It follows that focusing on multiple distinct concerns—such as (a) career management, (b) wealth management, and (c) meaning and purpose—seems like a recipe for disaster that goes beyond the first two dilemas and might even be defined as the third dilemma. That is, a focus on any one of these would seemingly distract from a focus on the other two, often leading to distraction or overwhelm, or what might be described as a downward spiral, negative feedback loop, or vicious circle.

In Part IV of this paper, however, a very different method of going beyond the Dual Dilemmas will be presented. This approach not only resolves the tensions and difficulties described above but also shows how a proactive and integrative planning approach that deals with emotional purpose and financial protection can transform the dynamic into an upward spiral, positive feedback loop, or virtuous circle. But before getting to that resolution, we will first examine why it is important to emotionally prepare for retirement in Part II, and then in Part III we will explore in more detail the wealth management process and advanced planning strategies that may produce superior outcomes.

## True Wealth Management Defined

Over the past years few Wall Street buzzwords have become more prevalent than "wealth management." Despite adding the words "wealth manager" to their titles and business cards, for the vast majority of financial advisors it's business as usual, with a predominant focus on product sales, promised returns, and portfolio management, not on comprehensive wealth protection, wealth enhancement, and wealth transfer solutions.

In my opinion, a true wealth manager can be recognized by the following attributes and actions:

- Spends considerable time getting to know you, your spouse, and your family, delving into your most pressing issues or concerns, including your long-term financial *and* nonfinancial goals, dreams, and desires. Ultimately, it's the depth of the client relationship that sets the true wealth manager apart.
- Specializes in all aspects of investment consulting and portfolio management (investments, cash flow, tax management), typically on a fee-only basis.
- Specializes or has access to other professionals covering a variety of advanced planning needs, including wealth protection, wealth transfer, wealth enhancement, and charitable giving.
- Has a defined process coupled with a consultative style, one where the client is regularly communicated with and treated as an intelligent collaborator.

# Part II—Planning for Purpose: Taking a Good Look at Yourself Now...and in the Future

The word "retirement" conjures a wide range of images and feelings. Some people can't wait for retirement. They know how many days they have left, and when the last day comes, they're out the door and not looking back—playing golf, fishing, drinking beer, happy as can be. "Once I walked out the door," one retired senior executive said, "I was so busy, I don't know how I ever found time to work." Whether it's travel or grandchildren, hobbies or charitable work, these individuals find a way to stay engaged, active, and vital for years, if not decades, to come.

Many others, however, including many interviewed for this white paper, have not been able to transition or cross over comfortably. Content with the status quo, fearful of filling 50 extra hours each week or the proverbial "We married for better or worse, but not for lunch every day," these folks can't call it quits. Often, those who have done particularly well in their careers—brandishing prestigious titles and significant responsibility—fear retirement the most. Facing significant emotional stress when their time inevitably comes, these individuals often hang on for as long as possible. To address their "separation anxiety" they may desperately look for some other position or some way to stay connected to the company, simply unwilling to cut the umbilical cord even as they enter their late 60s, early 70s, and beyond.

### The Genesis of a White Paper

As a Financial Advisor with many clients who are either retired or approaching retirement, I became very aware that while I had a good understanding of the issues relating to money (taxes, investments, cash flow, etc.), I'd be better able to serve all my clients if I better understood the emotional side of the issue. I wanted to better understand my clients' needs, put myself in their shoes, and tune into their real concerns.

I searched online for nonfinancial issues relating to retirement. The websites, articles, and books I found that focused on issues other than financial ones were few, given that the majority focused on money-related issues. In the end, the only way for me to satisfy my curiosity was to talk to those in the community who either had recently transitioned or had a deep understanding of the issue.

The resulting series of interviews became the basis of this white paper. As a result, our team is far more connected with our clients and the issues they face as they transition from money to meaning.

It's easy to understand why those who fear and dread retirement, as well as those who ignore it, act the way they do. Retirement represents a new phase of life filled with monumental unknowns—personal and financial. There is a very real challenge of remaining engaged and staying emotionally connected when there is no longer paid work to structure one's time. Also, retirement inevitably brings up questions of death and mortality as well as questions of how one has lived one's life, whether one has given and received love, and whether one has made a difference. Let's not forget, it can also be extremely exciting and exhilarating. Turning the page on a new chapter—looking forward to the next new venture—can be very stimulating.

Despite the fears, anxieties, and big questions that retirement brings up, if you want to ease the transition to retirement and create the best possible retirement for yourself and your loved ones, it is imperative to begin the emotional preparation process well before—ideally years before—the actual time comes. Yes, you are busy with your career, family, social life, and other activities, so spending the time to contemplate retirement now seems like something you simply can't afford to do. But seen in the bigger context—in the context of a retirement that could go on for decades—the truth is that you can't afford to not think about retirement sooner. In fact, one of the most common statements from interviewees was that they regretted not having started the process sooner.

In working with senior executives who are beginning the emotional preparation necessary for retirement, a wealth manager may ask the following kinds of questions:

- How do you envision a perfect day once retired? A perfect week?
- What do you like to do with free time? What are your outside interests?
- What do you do to have fun? What would you like to do more of now?
- Whom do you spend your off-work time with now, and whom do you envision spending it with once you retire?
- How will your routines and interactions with your spouse, family members, or others you live with change once you are spending much more time at home?

These are all good questions, and the answers can begin to indicate how smoothly the transition to retirement is likely to go on an emotional level. But beneath this level of inquiry there is a deeper inquiry that must occur—one that must start with the individual's willingness to explore questions of ultimate meaning and purpose. Some of those questions include:

- Who am I outside of my work?
- What do I truly find joy in doing?
- What is my life purpose?
- Once retired, what contributions can I make that will most greatly energize me?

Being busy or active is not the same as being happy, fulfilled, engaged, and energized. Interestingly, focusing on or discussing the issues of meaning and purpose while still working may, in fact, make getting up for work easier, and it may very likely make the transition to retirement and the actual retirement experience go much more smoothly. Transitioning into retirement means walking down a road one has never gone down before, where few second chances are given. Preparing for both purpose and wealth protection means being equipped with a road map for this new journey. Interestingly, defining meaning and purpose may be the most important preparation that one can make for retirement—in some ways even more important than ensuring financial security.

## Raising Your Visual Awareness

Well-known to drivers of cars and optical illusion aficionados is a simple fact: there is a blind spot built into the visual system of all human beings, where objects simply can't be seen.

Unfortunately, when it comes to both long-term financial planning and *especially* the kind of emotional preparation and focus on meaning and purpose being discussed here, many people have a substantial blind spot. The blind spot hits many in two distinct areas: one is in regard to what they have not thought of, and the other is in taking the time to do that planning *before* it needs to be done.

According to a study in the field of cognitive assessment and rehabilitation done by Dr. Karlene Ball of the University of Alabama Psychology Department, those who have had a 40% or greater reduction in their useful field of view must work on raising their visual awareness. Those who are avoiding serious financial and emotional preparation should consider what is necessary to raise their visual awareness. Another way to think about it is that you need to open your mental envelope. A closed mind cannot really learn about the present and plan for the future, but if you open your mental envelope and expand your visual awareness, you may find some very useful information and insights awaiting you.

Ultimately, it all comes down to one word: purpose. With clarity about your purpose, as every new retirement day dawns you will have something that you want to do, something that you are passionate about, and something that brings you joy. If you don't have somewhere to go and something to do most days, it can be extraordinarily challenging to pick up the pieces and create a new post retirement life. It was strongly suggested during interviews for this white paper that assessing and/or developing one's passions or purpose should come well in advance of the transition time.

The advantages of moving from just focusing on money (work) to also focusing on meaning—now, and not just in the far future—are many. First, as you clarify and engage your purpose and work on questions of meaning, you may find you are automatically at least somewhat happier right away. Second, it's likely you will increase your chances that the transition time and then retirement itself will be far more satisfying and enjoyable. And third, by changing your focus to include meaning, those who are depending on you—particularly members of your family—will be better off both because they get to spend time with a happier you and quite possibly because they are depending on the financial success of your retirement as well.

**Recommendation**: Regardless of how hard you work and how busy your personal life might be, *just take a step back out of your normal activities* and begin to ask yourself some of the questions put forth in this section. You may want to find yourself a "retirement mentor," such as a trusted friend, a life coach, or an experienced wealth manager.

**Note for those who are too busy**: If you find yourself saying, "I'm too busy" for this kind of long-term financial or emotional planning, then you may want to read or reread some of Stephen Covey's work on the distinctions between items that are urgent and not urgent, and those that are important and not important. Raising your visual awareness of your future in and through retirement may not seem urgent to you right now, but truly, in the long run there are few things that are more important.

# Part III—Planning for Your Purpose: Aligning Values and Goals with Wealth Preservation

Since the first baby boomers began retiring, an enormous amount has been written regarding retirement planning—the mistakes to avoid, the importance of building your nest egg early, strategies for assessing income needs, and a vast list of other financial issues that clutter the Internet with repetitive "textbook" solutions. In my opinion, not only do these articles almost always fail to address issues of meaning and emotional preparation, the one-off solutions they offer are not tailored to the individual and, in many cases, will actually lead him or her astray. Let's take a step back, then, and "raise the visual awareness" with regard to some of these issues.

First, it's important to realize that, although financial planning per se is at the heart of planning for money, a wide variety of resources and issues must be considered. Everything that relates to and impacts your long-term wealth, health, and happiness will have an impact. One issue will have an impact on the other, and vice versa. Therefore, in addition to positioning your portfolio appropriately, you have to consider a wide variety of other wealth management issues. Items such as health care, elder care, Social Security, wealth protection, wealth transfer, trusts, and trustees all need to be considered in lockstep with your post-career goals and aspirations. I believe that the majority of people, for example, have a will that is substantially outdated. ("I'll get to it later" almost always translates to "I'll never get to it.") The key is to consider *all* your needs collectively or holistically and then assess where you are, where you want to go, and how best to fill the gaps.

**A Common Misconception: Expenses Will Go Down During Retirement**

Many people think their expenses will go down substantially when they retire—textbooks often say expenses will be just 70% to 80% of when you were working, because you'll no longer be driving as much, eating lunch out, having clothing dry-cleaned, etc.—but in practice, this is rarely true, at least during the initial five-year period after the retirement transition. In fact, there is often a spike in costs because a number of "bucket list" items—better done sooner while still relatively young and in good health, such as travel—can be quite expensive. Also, depending on your longterm health care and residency plans, there can be some large expenses in your mid- to long-range future, especially as health challenges arise.

Second, recognize that, regardless of how much financial wealth one has accumulated, the assurance of never outliving one's resources—and issues related to transferring those assets—weighs on each and every one of us. Unfortunately, most people never really get serious with the numbers and, at best, just ballpark the likely outcomes. Most back-of-the-envelope calculations will pick a return figure that's too high and an inflation assumption that's too low to get to the desired "We'll be OK" outcome. Determining your postcareer financial requirements necessitates that you have a vision of what your retirement is going to look like. This brings us right back to questions of meaning and emotional preparation! For effective comprehensive planning to occur, you have to have a pretty good idea of what your life is going to look like—and what you want it to look like—once you make the transition.

### Controlling the Controllables, Picking Low-Hanging Fruit

Life always has been, and always will be, full of unexpected curveballs, health issues, and a wide variety of unanticipated problems, challenges, and sometimes out-and-out disasters. Given that so very much is out of our control, there is simply no excuse for not controlling that which can be controlled. That's why it's so important to undertake the kind of long-term financial and resource planning that considers everything that can be determined and accounted for, even if it means doing a lot of digging and paperwork. Put somewhat differently, there's a lot of low-hanging fruit in the long-term comprehensive financial and resource planning realm that should be picked when it is available…which means now.

Gaining a thorough understanding of your firm's retirement plan and all available benefits is a perfect example of such low-hanging fruit. Whether or not you work with a wealth manager, you owe it to yourself to learn everything you possibly can about all your company's benefit plans—all of them! You want to know all the details, and if that means reading long documents or scheduling appointments with your HR people to have them explain those documents and benefits to you, then do it.

Third, a frequently encountered problem involves delaying the initiation of retirement—of actually pulling the trigger—so as to accumulate more wealth. Regardless of how much they have, I believe most people feel it's never enough, potentially leading them to postpone retirement past an ideal point. This assessment sometimes originates in comparisons to retired coworkers or friends, but "keeping score" is entirely beside the point and can be quite harmful. The issue of delaying retirement is also a direct result of either trusting or not trusting one's analysis. The best solution here is to realize it will never be enough, create and validate your plan, and then commit to your success.

With these three points in mind, take a step back and raise your visual awareness with regard to your own future situation. Comprehensive wealth management is absolutely essential if you want to get where you're going. Spend the time, control the controllables, pick all available low-hanging fruit—and find someone to work with whom you trust and who will hold you to a steady course.

# Part IV—The Dual Dilemmas Resolved: The Synergies of Simultaneously Planning for Money and Meaning

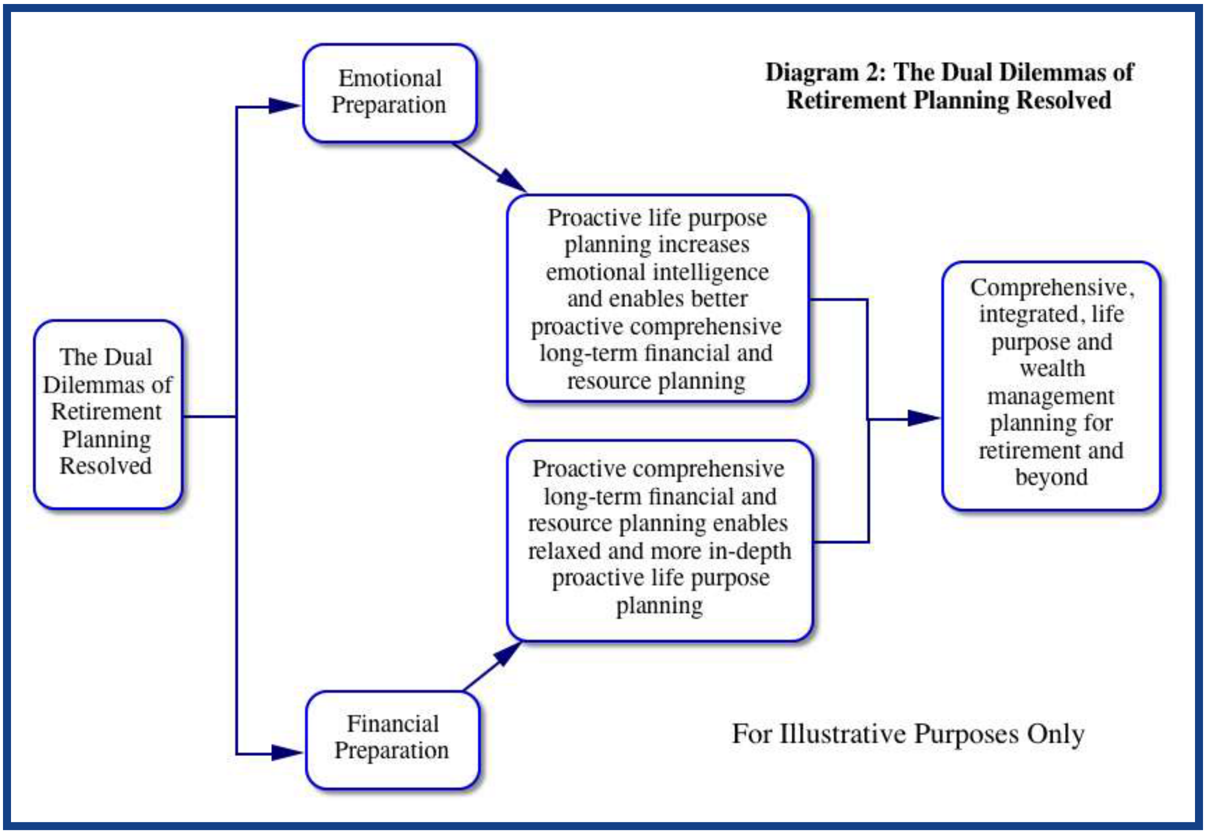
To briefly recap, many (and I believe perhaps most) otherwise very successful senior executives put off their own planning—comprehensive advanced financial planning and emotional preparation—for far too long.

On the one hand, the very focus that has brought them success in their career seems to demand that they stay focused on that career in the here and now. On the other hand, taking the time to inventory one's personal traits and ideals seems like a speculative and perhaps even indulgent waste of time…or is something that makes them uncomfortable, which leads to avoidance.

What's even worse is that some of these individuals might understandably say to themselves—in accord with what Diagram 1 showed—that broadening one's focus from making money now to establishing a comprehensive long-term plan is a distraction that will actually hurt one's career. Moreover, taking time for the suggested emotional preparation would be an additional distraction, and just not worth it.

Diagram 2, "The Dual Dilemmas of Retirement Planning Resolved," presents a different picture. Here, emotional preparation and proactive life purpose planning not only increase emotional intelligence but also remove worry and anxiety, therefore allowing one to gain greater control. Taking the time to do the important (even if not urgent) assessment will likely make the transition into retirement and then retirement itself much more enjoyable.

At the same time, the wealth management process enables a broader and more holistic look at issues of meaning and purpose both now and in the future. Taken together, both sides of the equation reinforce each other, making it easier to plan for both money and meaning. What had been a vicious circle is now a virtuous one; what had been a negative feedback loop is now a positive one; what had been a downward spiral is now an upward one.




As simple as this resolution may sound, the process is not for everyone. An openness to having the necessary discussions, a willingness to gain control, and the belief that there is a better way are all prerequisites for both spouses to move forward. To succeed in life, the vast majority of us must work hard. Taking the time to create and execute your plan will take some work, but then again, you deserve it.

To help you get started—and as an inducement to be proactive—please keep the following in mind:

1. **"Things will work out" doesn't quite cut it in the post-Great Recession world that we now live in.** Many people justify their lack of proactive planning by assuming that everything will just work out. Well, it may work out, but it may not, and given the depths of the recent Great Recession—the worst economic crisis of our lifetimes—one thing we can be sure of is that unexpected crises and emergencies may very well become standard fare going forward.

2. **Given that things may not work out, the value of being proactive cannot be overstated, especially because retirement will come sooner than you think.** When playing chess, the difference between a master player and a novice can be seen in the placement of even the first few pawns. Later on in the game, where a pawn happens to be often makes a huge difference in the game's ultimate outcome. Similarly, the kind of comprehensive planning for money and meaning that you do or don't do now will often make a huge difference both in your transition to retirement and in the many years—even decades—that may follow it. Retirement will come sooner than you think, and if you don't start planning now, you may very well regret it.

3. **You don't have to do it alone (and probably shouldn't).** There are many advantages to working with a wealth manager. Similarly, working with a coach, a therapist, or a retirement mentor on planning for meaning can pay huge dividends.

4. **Because others may be depending on you, proactive planning is even more incumbent upon you.** If you are married, have children, or support causes that mean a great deal to you, then consider the ultimate service you will do by proactively shepherding your resources to ensure that your intentions are fulfilled.

Finally, look for the Six C's! A true wealth manager will possess all of the very important Six C's that lead to a successful relationship:

- **Character** — professional and personal integrity
- **Chemistry** — demonstrates the ability to connect and care
- **Caring** — understands his or her clients and shows empathy
- **Competence** — demonstrates his or her core knowledge, as measured by the questions that he or she asks
- **Cost-effective** — is perhaps not the cheapest in town but will provide you with a measurable value add
- **Consultative** — has a well-defined process of solving problems, communicating, and measuring progress

## Having the Necessary Conversations

Suppose you are approaching transition time and are wondering what to do next.

The first and most important step is *having the necessary conversations about meaning and money* so that you can begin both your financial preparation and your emotional preparation. (Note that it's never too early to begin having these conversations!) While in theory you might begin by having some of these conversations with yourself, in practice you'll be far better off speaking with your spouse, a trusted friend, or a "retirement mentor."

Second, you have to *have the commitment and passion* to make sure that your planning is executed with a high degree of success and accountability. You have to be willing and able to think outside the box (your current career role) and to dream, envision, and conceptualize what your post career life will look like with you at your happiest and most fulfilled.

Third, you have to faithfully follow up on the outcomes of your necessary conversations and your holistic, forward-thinking, big-picture planning. This usually means 1) writing things down, and 2) finding a trusted true wealth manager to work with.

**Peter J. Walsh** is a Senior Vice President and Financial Advisor with Raymond James and Associates in Buffalo, N.Y.. He and his wife Lisa have been business partners since 1994 helping successful individuals, families, and business owners make smart decisions with their money. Their Advice Beyond Investments, Wealth Management Practice incorporates an intimate understanding of a client's values, concerns and goals, allowing them to make a significant positive impact for the select number of clients they serve.

Opinions expressed are not necessarily those of Raymond James & Associates, Inc. Member New York Stock Exchange/SIPC. Diversification and strategic asset allocation do not ensure a profit or protect against a loss.

Investments are subject to market risk, including possible loss of principal.

The process of rebalancing may carry tax consequences.

Peter J. Walsh
Senior Vice President, Investments

Twain Tower
468 Delaware Avenue, Suite 100
Buffalo, NY 14202
Direct: 716.768.5481
Main: 716.768.3379
Toll Free: 855.608.7542
Fax: 716.783.9964

THE Walsh GROUP
OF
RAYMOND JAMES®

*Visit our website @ walshgrouprj.com*