

MONTH 1

The work-to-retirement mindset shift

Much of the conversation around retirement focuses on amassing money in the lead-up to that day when you walk out of your workplace for the last time, into a world of freedom, endless golf and cruises, white linen and beach sunsets hand in hand with your loved one.

It feels like a painfully slow marathon where you muscle through that last season of work, save every penny you can and hope against hope that you've prepared everything correctly.

Questions like these spin around in your mind: *How much money do I need? When can I stop working? What will income look like on the other side?* These are fair questions, but they overlook something important: *what does retirement mean for you?*

12 Months to Retire Right

Many of the real challenges lie beyond money. Sure, it's about time and about freedom. Freedom to do the things you couldn't do while you were busy earning a living, raising kids and paying off a mortgage. It's also freedom from the things you disliked about your job and the eternal busyness of life.

But with the move away from work may come a great sense of loss, of disconnection and, for some, a loss of purpose. Regaining these is the first step towards living a long, purpose-filled, abundant retirement.

Before you get to any of the practical aspects, there's a month of your life still being lived right now, and the decisions you make this month will shape everything that comes after. This month is about the language you use, the assumptions you carry, and the very real possibility that the way most people think about work and retirement is making both harder than they need to be. So in month 1 we'll equip you with the tools to shift your mindset.

This month you'll learn:

- why the word 'retirement' may be quietly working against you and what a better frame looks like
- why the non-financial side of work — purpose, identity and social connection — matters just as much as the money, and why ignoring it can make your approaching retirement years appear more worrying than they need to
- how to choose the right time to retire and what to do if it doesn't turn out the way you planned.

What's wrong with the word 'retirement'?

Before we talk about what retirement should look like, it's worth asking whether the word itself is working against us.

Retirement, as we know it, is almost entirely a modern invention. For most of human history, people simply worked until they died or could no longer continue. There was no golden month waiting at the end of the story. There was work, and then there was decline.

Modern 'state pensions' have their roots in 1889, when Otto von Bismarck introduced a system of old-age and disability payments in Germany. Australia followed not long after Federation, introducing what we now know as the Age Pension in 1908.

Private pensions gained real traction in post-war America, and with that came a new word: retiree. First appearing in the 1930s, it carries a subtle sting that most people miss. The suffix '-ee' in English marks the recipient of an action, the one to whom something is done. Think employee, lessee, mortgagee. Retiree implies that you have been retired, rather than having made an active, deliberate choice to stop working and start something new. It carries a vibe of being put out to pasture!

Look around the world and you'll see the language around retirement is almost uniformly grey. *Pensionering* in Danish and Swedish. *Pensioen* in Dutch. *Retraite* in French. *La pensione* in Italian.

12 Months to Retire Right

The outlier—and the one we love—is Spanish. What else should we expect from the nation that brought us the siesta, tapas and sangria on the beach at sunset? In Spain, retirement is *jubilación*, from the Latin *jubilare*: ‘to shout for joy’. Imagine if that were the frame we all carried into this conversation?

Why does any of this matter? Because words shape our thinking. If the word ‘retirement’ for you signals withdrawal, decline, dependency and expiry, you could be setting yourself up for failure in this new month of your life before it even begins.

This word ‘retire’ does a lot of heavy lifting in personal finance, and it’s likely to be doing more harm than good. Retirement carries centuries of baggage that frames the end of work as something that happens to you, rather than something you design for yourself. And that framing, left unchallenged, shapes decisions in ways people rarely notice.

We prefer to frame retirement as a new season, one you have more control over than you think. You aren’t walking the proverbial plank; you’re strolling serenely into a new season of life with new goals, more options and more purpose than you may have previously thought possible. Your own personal *jubilación*.

Turning personal capital into financial capital

One of the greatest financial challenges we face today is funding our retirement. Not only is it likely to be longer than our parents’ retirement, but it won’t come with a secure

defined-benefit pension after 40 years of loyal service to a single employer.

Most of us arrive in adulthood with an abundance of personal capital: our ability to earn a living. The challenge is to convert sufficient of this to financial capital before we're unable or unwilling to continue working.

Sure, compulsory super will help enormously, especially for those who entered the workforce this century because they will have received 9 per cent or more for their entire careers. However, most readers of this book will have had a period with lower or no contributions.

So there's a trade-off here between the lifestyle we live while working, how long we work and the lifestyle we can enjoy in retirement. We don't seek to prejudge the right balance for you. But we do say that it's a trade-off that should be made intentionally.

Work is about more than money

Sure, work provides us with income to cover everything we need in life, but it's so much more than that. And what happens when you take that away can be a shock for many.

Identity

In modern society, we're often identified by our occupation. One of the first questions many ask when they meet someone for the first time is, 'What do you do?'

'I'm Steve. I'm a plumber.'

12 Months to Retire Right

It helps us place people and apply a form of shorthand to assess how much they might earn, how they might think and sometimes their political views. It's crude and sometimes wrong, but it's real. Now try saying, 'I'm Steve, and I used to be a plumber'. The dynamic changes. Learning to adapt is a difficult exercise for many.

Status

Closely linked to what you did when you worked is the status that went with it. This isn't just about the platinum frequent flyer card or the upgrades as a perk of frequent business travel.

It's also about recognising your years of experience, your mastery of the job and the associated corporate perks. As soon as you walk out that door for the last time, much of that is gone.

Validation

Closely linked to status and identity is the constant validation we receive through work. The gratitude of colleagues and customers. The performance review, the annual bonus and the special recognition from your boss for a job well done. These are signs that you matter—you're doing well—and they provide the impetus to carry on. How will you silence your inner critic when this constant validation stops?

Social connection

The company and camaraderie of the crew you see every day form an important social tie. Your colleagues, the clients, the coffee rituals, the in-jokes, your tribe. This shared experience disappears because you're unlikely to see many of your former tribe once you're out of the workplace.

Purpose

This is what keeps you turning up to work. The problems you solve, the people you serve and the good you leave behind after a hard day's work. All of this is gone. Replacing it with regular travel, frequent rounds of golf or babysitting the grandkids might not be enough. What will you do to find a new purpose?

Structure

Work shapes much of our calendar. From the rhythm of the annual budget and reporting season to the Monday morning update, this structure is what makes Monday different from the weekend. Losing this structure can be tough. The week soon blurs. One day feels like the next. It's fine for a month or two and may even feel like a holiday. But what delivers much of the joy of a holiday is its defined length. You know you're returning to a comfortable routine, so the change is wonderful. But in retirement, there's no going back to normality. You need to create a new version of 'normal' daily life after that initial bloom of independence fades.

You're not alone

When we asked *Retire Right* listeners what they worry about when it comes to retirement, these were the key themes:

- 36.3 per cent of respondents were worried about *running out of money*
- 33.6 per cent of respondents were worried about *market crashes happening at the wrong time*

(continued)

12 Months to Retire Right

- 25.4 per cent of respondents were worried about *inflation eroding their lifestyle*
- 20.2 per cent of respondents were worried about *feeling bored or lacking in purpose*
- 19.4 per cent of respondents were worried about *health costs later in life*
- 18.1 per cent of respondents were worried about *making big mistakes that they couldn't undo*
- 15.3 per cent of respondents were worried about *losing social connection or feeling isolated*
- 13.4 per cent of respondents were worried about *aged care costs*
- 12.1 per cent of respondents were worried about *supporting adult children or parents.*

(Note: Respondents could tick more than one option.)

It's very clear that the non-financial impacts of leaving work (boredom, loss of purpose and social isolation) weigh heavily on the minds of respondents.

Around one in five said they aren't happy in their current job or career.

Here are some actual concerns that may resonate with you:

- 'I'm comfortable financially and could retire now. I just don't know what to do with myself!'

- ‘How do people fill their days when they retire? I’m a business owner and need to learn. I can’t see myself not being involved in something meaningful.’
- ‘When you stop work to retire, make sure you want to finish working rather than just change jobs. I pushed the button too early and now want to work again.’
- ‘How to move from a job as a purpose to finding your own purpose.’
- ‘What to do to keep occupied. I’ve been burned out from work and don’t have any regular hobbies or pastimes other than watching TV and YouTube.’
- ‘I’m just worried about having a purpose and keeping busy ... and not regretting it!’
- ‘What do I need to do to have a fulfilling and happy retirement? It isn’t all about money.’

What we read in these responses is a deep desire for purpose, structure and fulfilment, and not everything being just about work and money. Respondents wanted to find meaning, have more control and feel like their choices are theirs—not just being at the mercy of amassing as much money as possible for retirement.

Choosing the right time to retire

According to the ABS Retirement and Retirement Intentions survey (2024–25), the average retirement age of Australians who retired in that time was 63.8 years. That means many of

12 Months to Retire Right

our readers have 10 years of their working life to go. This gives you time to plan. It's surprising for some people to discover how much can be achieved in that time.

Many people have a savings target that, when reached, will trigger retirement. For others, it's an age. Others still, just know their bodies can't keep doing what they do.

In short, these are all variations on 'enough'. We call these the 'three enoughts' and they can be encapsulated in three simple questions:

1. *Have you had enough?* Is work just too much for you? The physical effort, the office politics and the disrespect from younger colleagues anxious to step into your position.
2. *Do you have enough?* Have you saved enough to provide the lifestyle you want in retirement? Without a clear plan, this can turn into a long string of 'just one more year'.
3. *Do you have enough to do?* This one's perhaps the most critical to a successful retirement and it's often overlooked. It's important to retire *to something* rather than *from something*. Retiring before you're ready could be a very expensive way to solve your 'I don't like my boss' problem.

You don't always get to choose

The sad reality for many people is that they don't get to choose when they will retire. In fact, two-thirds of Australians will retire at a time not of their choosing.

For some, this is a late-career redundancy. It can be tough to find a new job with the same level of seniority at 55. Look around you in the office or at the work site. How many people older than you do you see?

According to the Australian Human Rights Commission (AHRC), nearly one in four older working Australians has experienced age discrimination in employment since turning 50. Perhaps most striking is research from the Australian HR Institute and the AHRC, which found that almost one-quarter of HR professionals now classify workers aged 51 to 55 as 'older'. And these are the professionals charged with ensuring a safe, compliant workplace. Go figure!

For others, it's a health scare. Older workers are less likely to return to work after a major illness or accident than their younger counterparts. Typical events include heart attack, stroke, cancer and of course, musculoskeletal problems.

For a growing number, it's the health or needs of others. Caregiving responsibilities drive many, especially women, out of the workforce before their time. Whether it's the needs of an ageing parent, a spouse or even children, the so-called sandwich generation is putting an extraordinary burden on pre-retirement women.

For all of these reasons, you need a plan B.

Why you need a plan B

We don't believe it's possible to predict accurately, so we advocate that people *plan* (ask what could happen), *prepare* (work out what you would do if it did happen) and *protect*

12 Months to Retire Right

(where the impact of the event is unacceptable, buy some protection).

The best way to prepare for an untimely redundancy is to make yourself indispensable. Every workplace has one—usually older—worker who knows where everything is and how the real world works, not just what the policy manual says should happen. Be that person.

Of course, that's not going to protect you if the business shuts down, funding is lost or the company is taken over by private equity. So, start planning early.

Looking after ageing parents is often left to the eldest daughter by default. Discuss this with your siblings and ensure the burden is shared fairly among you.

Potential illness can be solved financially with the right insurance cover. Many Australians allow their cover to lapse when they have paid off their mortgage, when their kids have left school or just because it starts to get expensive in their 50s. But the reality is that if you depend on your income to pay your bills and prepare for retirement, you almost certainly need to protect it.

Ask yourself if you could retire tomorrow without an unacceptable impact on your retirement lifestyle. If the answer to that question is 'no', then you likely need some protection.

Income protection is the core of any insurance package. It replaces up to 70 per cent of your income if you're unable to work due to an accident or illness. The cost is tax-deductible.

If the loss of the remaining 30 per cent of your income will impact the timing or quality of your retirement unacceptably, you should consider total and permanent disability (TPD) cover. This pays out a lump sum if you're unable to work due to injury or illness and are unlikely to ever work again. You may have this cover in your super fund. Check how much and assess its cost and adequacy.

If someone else depends on your income for their retirement, you may also need life insurance. This pays a lump sum on death or terminal illness diagnosis.

Finally, trauma (or critical illness) insurance pays out a lump sum on diagnosis of many common conditions including heart attacks, strokes and cancer, as well as accidents, even if they don't result in the inability to work. This can help provide financial support to look after a partner undergoing treatment.

Sure, these get more expensive and more difficult to obtain as you get older. A good financial adviser will help, as will preparing early.

You're not alone

When we asked *Retire Right* listeners about financial security, 34 per cent were unsure when they could actually retire, and 36 per cent were scared of running out of money.

It's vital to ensure you're getting bang for your buck during your time at work.

Grey divorce

We're seeing a sharp increase in divorce over 50 — often referred to as 'grey divorce' or 'silver separation' — despite declining overall divorce rates. According to the Australian Bureau of Statistics (ABS), 37 per cent of people who divorced in 2024 were over 50.

Much of this can be attributed to the uncovering of issues previously hidden by the shared burdens of careers and parenting, and the high incidence of time apart due to work travel and pressures. More time spent together in retirement and the impact of empty-nest syndrome often reveal that loss of connection, commonality and closeness, and can lead many to seek fulfilment outside their marriage.

This further highlights the importance of shared planning and creating an alternative purpose and structure in retirement. Plan early; plan together.

The financial impact of later-life divorce can be devastating. You've spent decades building wealth together, whether that's through property, superannuation, investments or a business. You'll also have planned a retirement based on a paid-off home, shared superannuation and a couple's Age Pension entitlement.

There's less time to recover from a bad split, less room to rebuild super and more moving parts to untangle.

We asked Dominique Bergel-Grant, a financial adviser and certified divorce coach, about the key considerations when navigating separation or divorce in later years.

Here's what she had to say:

- Don't rush decisions; you have equal control over how your financial separation will be agreed. Slow down and establish new boundaries rather than chasing short-term relief.
- Division of assets rarely makes anyone feel financially stronger. Consider how the decisions you make during financial negotiations will impact your future lifestyle, especially with retirement looming and your ability to recover financially likely being limited.
- The right professional guidance is invaluable; however, using the wrong professionals can cost you thousands more. A lawyer will advocate for your rights today. A financial planner will provide you with clarity in negotiations, ensuring your future financial wellbeing is protected. And a divorce coach will help emotionally regulate and prepare you to be a credible client.
- When the financial settlement is finalised, consider how your legacy will flow to your children or other beneficiaries, and if new relationships emerge, think carefully about using binding financial agreements to protect yourself and those you love.

Divorce isn't an ending; it's just a moment in time. You have a whole new chapter to write, full of possibilities. So, consider carefully the type of divorce you want, and seek out alternative dispute resolution options that prioritise human outcomes rather than handing control to a judge.

12 Months to Retire Right

For further resources and to speak with Dominique, visit navigateyourdivorce.com.au.

Fasten your own mask first

Flight attendants are trained to tell passengers that, in the event of a change in cabin pressure, they should place the oxygen mask over their own face before assisting anyone else, even their own children, which runs strongly counter to most parents' instincts.

Why do they do that? It's because if your children lose consciousness, they continue breathing. But if you lose consciousness, you won't be able to help them. Even if you get their masks on before you pass out, you won't be able to help them with what comes next.

The same is true for retirement planning. Our instinct as parents is to help our children become established as adults. As we tend to have children later in life, and housing and education grow ever more expensive, a helping hand into the reality of adulthood becomes more valuable.

Equally, we feel compelled to help our parents when they're unable to help themselves financially, medically or emotionally.

All of these things matter. But if you haven't got your own retirement plans in place, your ability to help will be limited. Your kids can borrow to buy a home, or use HELP to fund their education. But it's tough to borrow for retirement.

We pass no judgement on the right level of financial support. What we do obsess about is that you make these decisions intentionally, taking into account your needs and theirs, and achieve a balance consistent with your values.

Work is not the enemy

Many retirement commentators portray work as ‘the enemy’ to be stopped as soon as possible; others argue that everyone should continue working.

If 30 is the new 20, then perhaps 70 should be the new 60, some argue. Others argue that you should spend as little as possible of what you earn so you can work for as little as possible of your adult life.

We want to be clear that neither extreme is right for anyone. Working in your 60s and beyond is not inherently bad. Equally, quitting work at 50 or earlier isn’t inherently bad if you have the financial means. What matters is discovering what’s right for you and aligning your finances accordingly.

Your biggest asset in preparing for retirement is your capacity to earn a living before you’re no longer able or willing to work.

Maybe it’s time to retire the word ‘retirement’, removing that big, ugly retirement cliff from your imagination. Replace it with something that looks a lot more like jubilación. Get started now! Focus on your overall lifestyle goals and ensure your job fits well into that design. If it doesn’t, consider all your options for making a change. Make sure you’re maximising your time at work. You are in control and can build a life now that transitions well into your retirement years. There’s no one way — just *your way*.

Your homework for this month

- ✧ Have an open and frank conversation with your partner or a trusted friend about what retirement living would look like for you.
- ✧ Don't enjoy your work? Think about whether your current unhappiness is with your job, your career, your industry or your employer. They're four different problems with four different solutions.
- ✧ Write down some things about your current work or life that you'd change if you could; then assess which ones are changeable in the short to medium term.
- ✧ Ask yourself honestly: is your current work sustainable for the next 10 years — physically, mentally and emotionally?
- ✧ Review your insurance cover with your financial adviser.
- ✧ Consider the likely needs of your parents and children and how you might help them.