Pre-retirement goal-setting

Lifestyle choices first, finances second

Financial advisors are expected to ask you what you really want from retirement. And a good advisor won't be satisfied if you shrug and answer, "I want to golf more and travel." It's not that golf and travel aren't worthwhile goals, but they don't speak to your fundamental values. A good advisor wants you to really think about and begin to define your retirement dreams, so he or she can help you build a financial plan to achieve them. If you have always wanted to write a book, go back to school or plan a sabbatical, now is the time to talk about it.

To find out what you really want from retirement, you will need to explain why travel, writing a book and a whole lot more are important to you. The first step is to focus on your retirement lifestyle choices, and the motivation behind them, before discussing financial implications; this will help you and your MD advisor make better-informed decisions and, ultimately, take a more successful approach to your financial planning.

Consider this example: Suppose that one of your key retirement goals is to spend more time with your grandchildren. How do you measure the financial implications of this retirement goal? The first question to ask isn't about what it costs to spend time with your grandchildren. Instead, think about how you see that time being spent.

What your retirement goals mean

Your MD advisor can help you by asking simple questions that will define your relationship with your grandchildren in retirement. The most obvious first question to ask is, "Where do your grandchildren live?"

If the answer is "on the other side of town," then the financial implications will be much different than if the answer is, "on the other side of the country and I want to move closer to them." If you have to move to spend more time with your grandchildren, your advisor will then know to steer the conversation into areas like real estate. Does moving mean selling your home, or renting? Will you be moving from a higher-priced real estate market to a lower-priced market, or vice versa?

Next, your advisor will ask questions such as: "How old are your grandchildren?" and "What do they like to do with you?" Again, the financial implications are different if you plan to take a toddler to the park twice a week versus treating teenagers to ski vacations.

Exploring your relationship with your grandchildren also enables your MD advisor to link this relationship to other financial choices that you plan to make in retirement. For example, if you plan to buy a vacation property to use during retirement, ask yourself how much time your grandchildren might spend there. If the answer is "no time at all because they live too far away," then maybe you should reconsider buying the property, or consider buying property closer to your grandchildren.

Whether the discussion is centred on your grandchildren or your favourite golf courses—it doesn't really matter. The important point is to discuss what really matters to you with your advisor so that, together, you can paint a clear picture of how you really envision your retirement years, and the financial plan you need to get there.

Setting goals

Taking the time to fill out the Goal-Setting Matrix (see below, and page 4) will help in getting you well on your way to making a comprehensive list of retirement goals. Don't worry about capturing every last detail. Start with the big picture in mind, and then work down to details. Think of the matrix working like an icebreaker: It is designed to get you and your advisor talking about what really matters to you.

If you are married, it's also important to involve your spouse. Some couples find it most productive to work separately at first and then compare notes afterward. Also, don't hesitate to bring both your and your spouse's matrix with you when you meet with your MD advisor, even if each matrix addresses different goals. In many cases, an advisor can help in devising a plan that accommodates seemingly contradictory goals.

You may also want to consider needs that are currently fulfilled through work and that you will want to continue fulfilling, through other means, in retirement. For example, you may want to replace the social interactions you enjoy through work by joining a local community group, fitness centre, book club, etc.

Having it now, having it later

Once you and your advisor develop a clear set of goals to work with, you can zero in on any trade-offs you may need to make between current consumption and investing for future consumption. Too often, questions about your financial bottom line tend to come ahead of questions about quality of life and choices you want to make in retirement. By the time you face the big "will I have enough money to retire?" question, you and your advisor should know pretty specifically what you mean by "retire."

Without a clear, detailed view of your retirement years, assigning a dollar value to them can be a frustrating experience. Many people fail to take the necessary steps to put their retirement plans in place because the plan isn't linked to a properly defined set of goals, grounded in fundamental personal values. Without this framework, saving and investing won't be nearly as rewarding, and your chances of successfully reaching your goals will be diminished.

The Goal-Setting Matrix

Map out your retirement goals

Turn to the last page and jot down your retirement goals in the Goal-Setting Matrix. After just a few minutes of high-level thinking, your goal-setting matrix might start to look like this:

	Need		
Now	• buy a new car • renovate the kitchen • wind down practice • update will	• financial peace of mind • time with grandchildren	**Later**
	• find a hobby • save and invest more • buy a vacation property	• golf more • charitable giving • write a book • help children or grand-children financially • travel	
	Want		

No matter what your goals are, the matrix will help you to engage in a more productive meeting with your MD advisor.

Completing the Goal-Setting Matrix

Taking time to brainstorm could bring your retirement dreams into focus.

To find out what you really want from retirement, take the time to consider why certain things are important to you. Focusing first on the reasons behind your retirement choices, and not the choices themselves, will help you and your MD advisor to take a more rational and, ultimately, more successful approach to your financial planning.

Try this simple exercise. Go to page four and start jotting down your goals on the Goal-Setting Matrix. For example, "travel more" would go in the bottom right because it's something you "want" but don't "need" and it's an activity that you plan to pursue "later", once you are retired.

Think about things that don't seem linked directly to retirement. For example, imagine you need to make

What to expect from a goal-setting meeting with your MD advisor

With your goal-setting matrix as a starting point, your MD advisor will be able to focus on the retirement goals that mean the most to you. Meetings are tailored to the specific needs of each client, but there are some common themes that run through every meeting:

- **What is your minimum acceptable retirement income versus your best-case income?**
  - How much do you need to meet basic needs in retirement?
  - How much retirement income can you expect in a best-case scenario?
- **How certain do you need to be that you will achieve each of your goals?**
  - The more certainty you require, the more precise your goals and planning will need to be.
- **How do your goals correspond to different parts of your portfolio?**
  - Where will the money come from to meet your goals?
  - Break your portfolio down and match it to your goals.
- **Where will you be in three, six, nine and 12 years?**
  - Map out your lifeline and compare it with your goals.
- **What would you like to learn about goal-setting and retirement planning?**
  - Choose to explore topics recommended by your MD advisor, or not—the choice is yours.
- **How do your goals and plans compare with those of other physicians?**
  - Only MD has the data to show you how you are doing compared with your peers.

extensive repairs to your vacation property within a year—"renovate the cottage" would go in the top left box because it is something you "need" to do "now".

To get in a goal-setting mindset, answer the questions below (try to keep the want, need, now and later categories in mind). It may also help to further categorize your goals, such as: things I want to do, learn, buy/save for, people I want to help, etc.:

- What does a fulfilling retirement look like to you (big lifestyle shifts or subtle changes)?
- When do you want to retire (sooner, later, all at once, or gradually)?
- Where do you want to live (in your current home or somewhere new)?
- Will you spend time travelling (exotic adventures or familiar trips)?
- Do you want to try new things (writing a book, going back to school)?
- What hobbies or other interests will you pursue (golf, sailing)?
- Will you be supporting any children/grandchildren (helping with finances, education, going into business together)?
- Will you or your spouse pursue a second career (consulting work, turning a hobby into a business)?
- Do you want to remain connected to medicine in some way (as a volunteer abroad or in your community)?
- Do you want to give back to the community by supporting charitable causes (sitting on boards, donating financially)?

These 10 questions are just a framework to help you start thinking about retirement goals. As you fill out the matrix, don't be afraid to let your thoughts touch on whatever ideas and issues are important to you. Compare notes with your spouse, and feel free to bring in more than one matrix. Remember, you are not alone when it comes to retirement planning; MD is here to help.

To build the retirement lifestyle that meets your needs and exceeds your expectations, contact your MD advisor today.
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Goal-Setting Matrix

	Need		
Now			Later
	Want		