

Planning your retirement from General Practice?

The decision to retire brings up many questions, concerns, and indeed many doubts for lots of GPs. The purpose of this article is to help you identify, consider, and overcome them, either now or at a future date, writes **Ronan McGrath**

Having enough money to retire

Statistics show that concerns about not having enough money in retirement are universal. For many couples who retire in their early to mid-60s (in a developed nation with modern health care facilities) it will be a 30 years plus retirement period.

Critical Issues

When planning for retirement, many GPs struggle to comprehend the critical issues, and how to deal with them. I had two calls recently, from GP clients asking to meet me, with an imminent need to retire. One was 62-year-old GP with concerns for his own health. The second case was a 65-year-old GP, and this related to the health of their spouse. They both needed advice and guidance on how to deal with retiring in a short space of time. Luckily for both, they had been prudently planning retirement for the last several years and had the peace of mind to know financially all was well.

Financial advice and beyond

In my role as a Financial Advisor, I focus on the financial planning aspect, but in so doing, I am very cognisant of the need to be attuned to the emotional side of retirement. This I feel is crucially important. Having enough money to retire is probably everyone's biggest question and concern. Do they have enough saved to retire is usually the first question our clients ask. It's a scary scenario for them to ponder. In this article I want to highlight the broader list of issues.

Three scenarios to consider

Author George Kinder is widely recognized as the creator of, what he calls, Life Planning. His philosophy is centred on three questions you should ask yourself before deciding a financial plan.

1. Imagine you're financially secure and have enough money for both now and into the future. How would this change your life?
2. Imagine your doctor tells you that you have 5-10 years left to live. You won't feel sick but also don't know exactly when you will go. How would this change your life?
3. Now imagine your doctor tells you that you have one day left to live. What are your biggest regrets? What do you wish you would have done differently?



Wider considerations

The idea here is that these questions can help you dig a little deeper into your retirement goals and aspirations. It starts out financially but then embraces the more human element. This exercise entices you to go beyond the typical surface-level financial goals everyone talks about and get more specific about your retirement **bucket list and aspirations**. For most people, these questions are theoretical in nature. But let's delve into them more fully.

Your busy work life

GPs have a busy, (to hectic) everyday work life. They don't tend to have time to focus beyond their short-term needs. They are working long days, running a practice, caring for patients, working with and managing staff, before getting home every evening to family life. Hopefully, there's some downtime to squeeze in some social activities!

Continuity of patient care

Having continuity of care for their patients is very important to many of the GPs with whom

I work. Many GPs struggle to contemplate stepping away from their practice. In many cases this is due to uncertainty as to who will take over from them and care for their patients. When planning for retirement, there are essentially several key points to review in advance. These I have set out below.

The Most Important Retirement Decision Factors

When thinking about what is most important when deciding to retire, the first query is pretty obvious. It's what probably gives everyone the biggest quandary. Finance! However, it isn't the only consideration you should address. While the list below isn't comprehensive, it will get you started on your retirement planning journey.

Can I fund my retirement?

Statistics show that concerns about not having enough money in retirement are commonplace. They are mirrored in developed nations across the globe. I repeat, for many couples who retire in their early to mid-60s it will be a three-decade retirement. The 'funding question' is particularly challenging for people when we are 'in the eye of the storm'. When markets are more volatile than they usually are, your pension/investment values are fluctuating quite a lot. As a consequence, making it more difficult to plan.

Heightened inflation

Secondly, with inflation on a temporarily heightened upwards run – the thought of covering the increasing cost of living throws up a mental block for many people. However, there are other concerns when looking at your retirement preparation. Even if you've worked out that you can cope with this inflation, there are other matters that will influence whether you are truly ready for transition to retirement.

1. Are You Emotionally and Mentally Prepared To Retire?

Asking yourself this question is something you need to tackle well in advance of making your decision. Not everyone takes this question as seriously as they should. Many GPs work 12-hour days or longer. It is an abrupt change going from working such long hours, seeing familiar faces every day, and having a purpose.

Are you ready to let go this routine and familiarity? With this in mind, you may need to do some thinking about what you want your life to be in retirement. Are there any interests you want to spend more time pursuing? How will retirement affect your family dynamic?

This isn't just about money! You will hopefully already include hobbies, travel, education and such into your retirement budget. This question is about ensuring you can wholeheartedly enjoy your retirement and get the most out of your new stage of life.

2. Have You Tracked Spending and Made a Retirement Estimate?

Retirement often means **a change in your income**. You will lose or reduce some incomes and hopefully increase or create some new ones (pensions/savings/investment incomes). It also means a change in **how you spend your money**. It is a good idea to work this new adjustments into your financial plan.

One way to get an informed look at what to expect, is to track your spending for at least a year before retiring. Stay strict with yourself and keep track of everything. The results of this tracking will give you a base to work from when considering the spending adjustments that you will be making on retirement. Remember, try to keep things as reflective of reality as possible, it will pay dividends!

4. Life Satisfaction

This ties in with point 2. If you jump into retirement too hastily, be it for health reasons or because you are burnt-out from your job, you face possible challenges that can affect your mental health and personal life.

It is actually one of the most important factors you should think about when looking at what is most imperative when deciding to retire.

Without having thought about what you want your life in retirement to be like, it is very easy to end up feeling a bit lost.

Many retirees arrive at a position where they are bored and have lost their sense of purpose. Those that retire without much preparation tend to be the ones that find the transition most challenging.

In addition to exploring some ideas, talking with the family and taking an abrupt step, some people prefer to ease themselves into retirement.

Many GPs we advise reduce their sessions gradually, working four days a week down to three and then to two. In this way slowly reducing the total hours they work. Others do some consulting to make the transition less abrupt.

5. Is Your Portfolio Ready? – Switching From Accumulating Funds To Withdrawals.

You've been diligently accumulating your pension funds and assets for years but now face the question is your portfolio ready for you to start drawdowns?

This is a pretty intimidating stage for most. Are you happy with the asset allocation and the other parts of your financial plan? Now is a good time to take a look at that planning and make

tweaks. Again, it is most prudent to make these tweaks **based on long-term perspective as opposed to current factors** such as environment/markets/inflation.

6. Know Your Tolerance For Uncertainty.

Everyone has a different tolerance of uncertainty. This will influence whether they are correctly disposed, and mentally ready, to retire. Uncertainty tolerance isn't just about your investment portfolio. Fund values will go up and down over time.

The key thing to remember here is markets go up on average 75 per cent of the time and down 25 per cent.

There are other uncertainties however to do with the everyday things you will face in retirement.

- Sources of Income
- Purpose
- Filling your time
- Hobbies
- Drawdown of income
- Gifting versus Retaining

How much are you happy to keep in your rainy day bucket for unexpected expenses? Do you want to miss potentially good retirement years before your health declines? No one can predict ill-health but there are things you need to consider and make sure you are comfortable with them.

Think ahead – The Bucket Strategy

When we advise our clients who are contemplating planning for retirement, we outline an image of having their money amounts divided into 3 different buckets:

1. **The safety/security bucket** – short-term (less than 3 years)
2. **The medium-term growth bucket** (3 to 5+ years)
3. **The long-term growth bucket** (typically 7+ years)

As you can see, there is a lot to consider when thinking about retirement.

With increased longevity risk (people living longer) you are more than likely looking at a 30+ years of retirement.

The whole point of the growth bucket is to invest wisely funds on a longer timeframe, achieving higher growth for those later years in retirement.

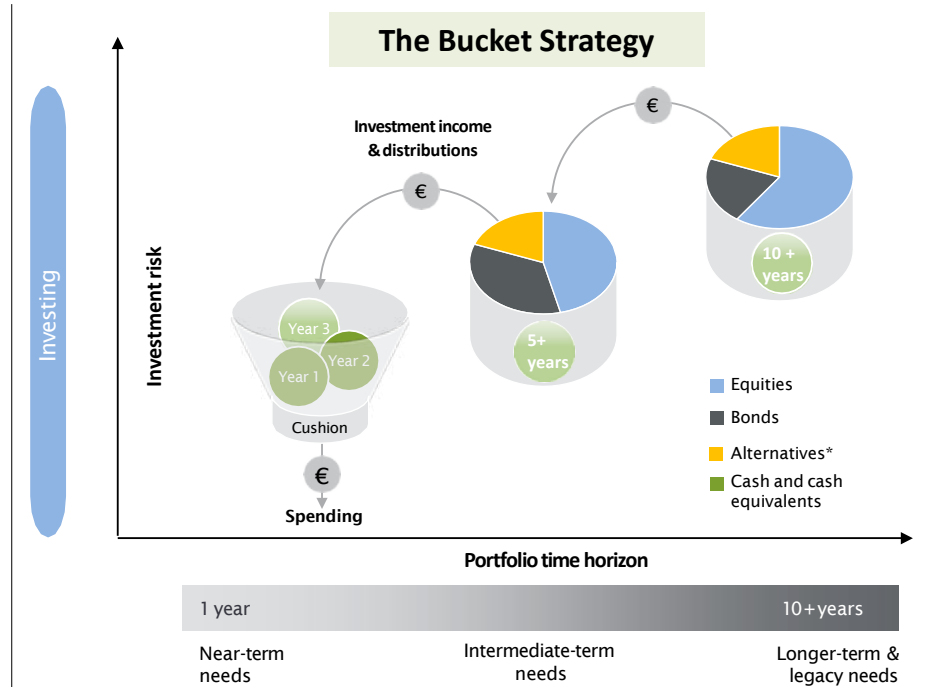
Have a Plan

Choosing to retire is a luxury many people don't get to have. It can be something pushed upon you by force of circumstance or it is dictated by health matters.

Ensuring you get the right financial advice is just one aspect, which will help lead you to having an enjoyable, active retirement for many years.

Looking ahead and having a prudent plan (both emotional and financial) will ensure that you make the decision to retire with confidence.

Hopefully, this article has given you a starting point when thinking about 'what is most important when I'm considering retiring?' [IMT](#)



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Information

Oakwood Financial Advisors are specialist financial advisors to the medical profession, with a unique understanding of both the GMS Pension Scheme and also the Health Service Executive pension benefits.

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