

# Design for living

**I**MAGINE YOUR DOCTOR tells you that you have 24 hours to live. Reflecting on your life, do you have any regrets? What didn't you get to do? What would you do with your last 24 hours?

This isn't another self-help questionnaire – it's a real-life exercise that financial planners or, more specifically, a new breed of practitioners called "life planners" – go through with their clients.

Financial life planning is transforming the traditional financial planning industry. Times have changed.

The newest thinking in the international financial planning arena adds human capital – everything from earning capacity to feelings of personal satisfaction – to the equation.

This introspective approach to financial planning is called financial life planning and is finding strong resonance with a new generation of retirees. It is a practical and personal solution for a generation who are doing retirement in a completely different way to their parents. People have realised that they are retiring from their jobs, not their life.

Financial life planning can assist with this through incorporating your dreams, passions and purpose into your budget, investments and estate planning.

This new-age view of retirement planning is revolutionary for South Africans, many of whom still view retirement as the end of their life, instead of the beginning of a new phase of life. In fact, retirement should not be viewed as a single event but as one of many transitions in a continuum of life experiences.

Like traditional financial planners, life planners build a roadmap, with asset-allocation models, estate planning advice and tax-cutting strategies. But because the "life" part serves as the foundation of the formal plan, the advice given is often very different from what a traditional financial planner would give.

For example, a client may tell his adviser that he dreams about owning a seaside investment property that he could use for family holidays. A traditional financial planner might show him how working an additional five hours a week for the next 10 years could help him achieve the goal. The life planner digs deeper and discovers that what the client really wants more than the holiday house is a closer bond with his six-year-old child. The traditional plan would indeed result in a vacation home in a decade,

Retirement planning isn't what it was in our parents' day. **Kim Potgieter** outlines how a new breed of planners is looking beyond the numbers to you as a whole.

but at the expense of treasured time with his family.

The concept of financial life planning strikes a chord with most people planning their retirement. They need a vision for how they want to spend the rest of their lives.

"Retirement isn't what it's cracked up to be – at least the version that's promoted by financial services companies, featuring endless golf, leisure and watching sunsets on the veranda. That sort of retirement – 'our father's retirement' – can make you sick, depressed and bored out of your mind," Mitch Anthony, a leading American expert on new retirement planning and author of the book *The New Retirementality*, says.

The primary difference between a successful and an unsuccessful retirement is having a purpose. Never underestimate the value and virtue of some kind of work. Work brings dignity to your life. In today's economic climate, a retirement consisting of a complete cessation of work may simply not be possible – the trick is to find financially rewarding work that fits into your vision and goals of retirement, be it through reduced working hours or a more mentorship/advisory type position.

Retirees are living longer than their parents and incur much higher medical costs. Traditional retirement planning focuses on amassing capital to retire in the style you are accustomed to. Modern financial life planning actively encourages clients to focus on what's important to them and then work out how much it will cost to make those dreams a reality.

The real value of undergoing the life-planning process is a resulting financial plan that inspires and motivates you. Does your traditional financial plan do that? If it doesn't, then maybe it's time to inject some passion into those pie charts, whether you do this work with a registered life planner or on your own.



*Kim Potgieter is head of financial life planning at Chartered Wealth Solutions, a Johannesburg-based financial practice focused on retirement planning. She has a degree in psychology and has the Certified Financial Planner accreditation.*