

Retirement Motivation: Turning Goodbyes Into Learning Opportunities

Research shows that most Americans have concerns about whether they have saved sufficiently for retirement, and too much fear of an unknown future may end up in paralysis.

When a key employee retires, they say goodbye to more than just their coworkers, they also say sayonara to alarm clocks, bosses and commutes. Retirement speeches are notable usually for their gratitude and humorous stories of last minute saving graces by coworkers or hijinks late at night on an important project. Other retirement speeches include future plans, such as vacations with spouses or more time at home with grandchildren.

The forward looking element of a retirement speech may do more than help employees say goodbye: it can help some employees get a sense of what they might want their own retirement to look like. Many investment advisors often find that a lack of a mental image of what an employee wants retirement to include is a roadblock towards getting employees to commit to retirement savings. Asking employees to set aside savings for an event that happens thirty or forty years in the future is daunting. Capturing these moments of what a departing employee's goals for retirement include can boost motivation to younger workers to begin saving for retirement.

Motivating employees to save for retirement has been a struggle for many plan sponsors. While some statistics show that new tricks and tips, like increasing auto-enrollment, have impacted participation in retirement plans, contributions among younger workers are still lagging.

Making retirement goals more concrete, by referring or reflecting on a coworker's retirement, can be helpful in solving this participation problem. Imagery has been shown to increase participation in retirement plans. As reported in Kiplinger's, Hal Hershfield's

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experiments with digitally altering photographs of students' faces helped motivate them to commit to saving more for retirement. Researchers working behavior change in other future events, such as environmental problems, found that imagery played a positive role on behavior change. As those researchers noted, individuals have a hard time imagining how melting polar ice caps or vanishing barrier reefs impact them or their future. Exposure to photographs of environmental problems was correlated with more environmentally friendly behavior.

Motivating employees by encouraging discussion after a retirement can also help reduce anxiety. Research shows that most Americans have concerns about whether they have saved sufficiently for retirement, but those concerns do not translate into action. Some financial analysts note that fear of a future event is too remote to effectively change behavior. And too much fear of an unknown future may end up paralyzing workers. The result of the paralysis is inaction, instead of too much action. And fear is a poor motivator for behavior change. Researchers usually point to only a six-month impact on behavior change based on fear.

Conversely, imagery has been linked to reducing feelings of stress and anxiety. For other kinds of anxiety, like those with a specific fear, therapies include thinking of positive results. Athletes are encouraged to imagine winning a race, for example. Others, with a fear of flying for example, are urged to visualize a happy environment. So, its possible that imaging what retirement looks like, in a positive sense, could be not only motivating, but also reduce one of the key de-motivators towards retirement savings – that of fear.

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A retirement speech, which details the retiree's plans with detail can be a great launching point for plan sponsors to encourage employees to imagine their retirements. Psychologists encourage asking the employees for as many sensory details as possible in creating motivating images. For example, instead of an employee saying "I'll bake more in my retirement" they might be encouraged to say "My house will smell like fresh baked bread, which I can bring to neighbors while it's still warm." The latter example includes smell and touch as well as action. Another example might be to add detail to "I'd take my future kids camping" to include "I would drink coffee made over a fire while the kids sleep in their tents with their hats still on."

Having employees use these visual images can help them learn what they want in retirement, and can help employers find new ways to increase participation in retirement plans. ■