

Retirement Planning Workshop Framework

Date:

Contents

1. Background.....	3
2. Retirement Planning.....	4
3. Objectives.....	5
4. Target group.....	5
5. Course structure.....	6
6. Benefits.....	5
7. Retirement planning workshop.....	6
8. Conclusion.....	7

1. Background

Retirement is a reality for every form of employment. But it is ironical that we remain unprepared for this eventuality. We believe it is an illusion far away that may not affect us. This belief has perpetuated into the civil service system.

The RCSC has realized that many retired civil servants, after a lifetime of dedicated service, are found wanting in their preparedness to lead a satisfactory retired life. Many end up as dependents to their children. While this was seen as a mutually beneficial engagement/arrangement, as it was and still is difficult to get extra hands or domestic help in homes, where the aging parents found the safety net in their children and the children in turn saw this as an opportunity to take care of their parents while incidentally being able use their help in the house. But over the years as a result of the changing value system, compelling economic factors, evolving concept of nucleated family, etc; this informal system of providing for each other is declining. The young children, with families of their own, would like to live independent lives and even retired parents, who are increasingly from an educated background, would like to live lives of their own. Given the changing scenario of gradual erosion in the value system as a result of emerging factors beyond one's control, the age old practice of children looking after their parents' is increasingly becoming a choice of neither party, ie. the parents or the children. The present practice of going back to the village or resorting to being around with children is no longer a viable option nor a preferred choice of parties involved. Under the circumstances there is a need for proper (pre)retirement planning whilst in civil service so that retirement is an independent, peaceful, satisfactory and fulfilling life. In the light of this emerging reality, the Civil Servants' Well-Being Unit has launched Exit management program to take care of such concerns, among others, of the civil servants. The Exit Management program endeavors to provide recognition to the civil servant for their lifetime of contribution through a structured process to make actual exit from civil service graceful, smooth and dignified. Towards this, the Agency HRO facilitates faster processing of retirement benefits by taking up the responsibilities on behalf of the superannuating civil servant instead of the civil servants pursuing it themselves, post retirement. The other important service in this program is to provide Retirement Planning as a structured program for civil servants so that post-retirement life is secure, comfortable and independent. This program is conspicuously absent and is

evidently a cause for the undesirable plight for a lot of superannuated civil servants.

As the central personnel agency of the Government, RCSC has taken unto itself the responsibility to ensure the well-being of civil servants post retirement and beyond till death. This particular program would allow the civil servants to seriously think about their retirement and plan appropriately. This program involves in-depth understanding of financial planning, psychological planning (for positive attitude towards retirement, adjustment to retirement, anxiety to retirement, psychological well-being) investing in health, social planning etc. Therefore, it will be facilitated by professionals and conducted as a workshop to enable participants to develop concrete action plans to take away and implement. It will help them take a positive approach to next phase of their lives.

2. Retirement Planning:

Retirement planning traditionally refers to allocation of savings or revenue for retirement. The goal of retirement planning was to achieve financial independence. But over the years retirement planning has been accepted as a much broader and all-encompassing process that takes into consideration not only financial well-being but also physical well-being, psychological well-being, social well-being and spiritual well-being among others. It is a dynamic and collaborative process that focuses equally on financial aspects of retirement as well as addressing wellness issues, social life, living arrangements, estate planning concerns, new or part time employment prospects etc. In other words it attempts to bring about a quality life that has dignity, accords meaning to existence and is also fulfilling. The goal of retirement planning, in this context, is holistic and it views retirement as just another productive phase of life and not as the ‘twilight years’ at the very end of your life.

3. Objectives:

The objective of retirement planning is to achieve the following:

- Create awareness of the present situation vis-à-vis (vulnerability in) retirement
- Assess readiness to retire at the predetermined age for exit or earlier (through the Financial, Psychological, Medical/Health and Social lens)
- Identify actions to improve psychological readiness/preparedness to retire
- Acquire financial/investment planning knowledge and encourage/inculcate saving practice
- Create widespread awareness on the need to invest in health while healthy
- Encourage finding suitable full time or part time employment in retirement
- Spontaneous assimilation into the society/community through participation in activities that promotes a robust social life, give meaning to collective effort and, results in greater good. For eg. Volunteerism, social work, membership to informal/formal groupings, etc.

4. Target group

As it is very important to start planning early for retirement, civil servants who have 10 years, 5 years and 1 year to retirement will be targeted. The program participants will be disaggregated along position levels to recognize their income grouping and their investment potential. This would also help better customization of the work plans and individual strategies. The theory part of retirement planning viz. financial planning, psychological planning, social planning, health planning is generic and will be conducted together as one big group while the workshop part that will help develop (individual) action plan to take away for implementation will be taken up in three distinct cohorts of; i) Executives/Specialist ii) Professional/Managerial iii) Supervisor/Operator.

5. Course structure

The program will attempt to equip the civil servants systematically by approaching the subject of retirement in a practical way; looking at the realities of retirement and helping participants develop their own action plans/strategies to make the

transition from work to retirement enjoyable and rewarding. To get the full picture it is important to start from the beginning. Therefore, sequential organization of the modules is critical.

i) *Understanding the pension provision*: To begin with, an understanding of the existing pension provision will be useful. This must be explained in the context of annual inflation so that participants/beneficiaries are aware of the actual purchasing power of their pension. This is not with the view to paint a dismal picture but to let them know of the realities and look at other viable options to save and plan for retirement. Most civil servants are comfortable with the fact that they are covered under the pension scheme, which is like a social security for civil servants. They must be made to realize that pension scheme is intended to provide only a basic safety net – a bare minimum standard of living for your old age. It does not cover unforeseen calamities like ill health, sudden financial crisis, natural disasters, leisurely expenses, etc.

ii) *Preparing for retirement early on life through:*

- a) *Financial Planning*: Traditionally, financial planning was synonymous with ‘retirement planning’ as financial independence in one’s old age was of paramount importance. Other considerations were secondary. But with socio-economic development and change in outlook towards life, work and living; retirement planning now is understood beyond financial planning as explained in the following paragraphs. But financial planning still forms the bedrock of retirement planning. In this module FP will include personal budgeting and finances (mortgages and loans), savings options and investment prospects, inflation and cost of living, understanding taxation rules and regulations that affect retirees, etc.
- b) *Psychological Planning*: This planning is critical for mental preparedness for the individual for retirement. It includes inculcating behavioral changes and positive attitudes towards retirement, easier adjustment to retirement, transforming anxiety into acceptance to retirement, and improved psychological well-being in retirement so that transition from civil service into retirement is smooth and natural.
- c) *Medical/Health Care Planning*: Old age typically brings medical problems and increased health expenses. While general medical costs are borne by the

state, complicated procedures associated with old age may not necessarily be available in the country and, therefore, not affordable. This may lead to medical expenses eating into your pension and other incomes rendering a poor quality life. To prevent any unforeseen illness wiping out your retirement savings, the option for obtaining affordable medical insurance and other long-term care insurance shall be explored.

- d) Social/Community Life & Living Planning: To live life fully and completely, one must not remain removed from society and community. Social harmony, cohesion and community vitality are the threads that weave social fabric and draw out the essence of life and living in a community. To be part of the society and active in the community is to live a life that is fulfilling and selfless. It involves helping others and being helped, working for a cause that is cherished by all, engaging in social and community tasks that promote oneness and cohesion, being part of the humanity by crying and laughing together, engaging in spirituality that gives meaning and satisfaction beyond the everyday mundane activities, engaging in hobbies and voluntary work, taking time to meet friends/relatives/associates, and taking time for travel and leisurely pursuits, etc. End of the day it is not how much money one has made but how many friends you have made in your lifetime.

iii) Developing action plan: This part of the workshop, which is the practical part, will be conducted in small cohorts along civil service position levels simply for ease of indicating prospective action plans based on income category of the cohorts. A mixed group of people here would render developing individual action plans, to take away, for implementation chaotic and difficult since action plans would generally have to follow an income pattern. This part of the program is the hands-on component that prepares for roll out of the individual action plan.

6. Benefits

The benefits of the program will be enormous especially to the civil servants who fall early in the targeted cohorts as they can start planning early. But the major

benefit will be that of creating awareness of the program across the civil service, so that they can plan for their retirement with or without enrolling in our structured program. The objective to spur a natural interest and inculcate the habit of saving amongst civil servants as a first step to retirement planning is itself a large step. The specific benefits to the participants of the workshop will be seen in their ability to;

- Understand their pension provision and why they should plan beyond pension (Pension scheme is intended to provide a basic safety net – a bare minimum standard of living in the old age and will not cover exigencies that may emerge; it may not cover adequately for the erosion in the purchasing power of pension payout due to inflation);
- Identify problems and opportunities in retirement
- Understand the implications of retirement
- Manage personal budgeting and finances more effectively (The importance of saving early and not defaulting on loans/mortgage payments)
- Plan their finances and invest wisely (Explore opportunities for intelligent investment and viable schemes)
- Look after their health in retirement with relative ease
- Plan how to spend quality time in retirement
- Aspire a meaningful/active retired life in a robust society free of financial concerns

7. Retirement planning workshop:

This workshop will be conducted by professionals in their relevant fields. Resource persons will be sought from various professional agencies. A representative from the NPPF will be requested for the first session on Pension provision to explain how it works to bring the whole program into proper context. The most important module of Financial Planning will be conducted by people from Financial Institutions, Insurance Company, MoF/Tax Office; Psychological planning module will be done by experts from JDWNRH and Counseling departments /independent counselors; Medical/Health Care Planning module will be conducted by Insurance Company selling medical policy (ies) and Health professionals; while Social Planning module will be

taken care by independent counselors and senior retired civil servants. The last module which deals with developing action plans to take away for implementation will be conducted by professionals who have hands on experience in this field. Perhaps professionals from the Credit Departments of the Financial Institutions would be best suited for this module. We can also think of Consultants who specialize in such fields. The identified entities and individuals will be expected to prepare their own presentations which will be vetted by the CSW Unit prior to conduct of the sessions.

The program will be conducted over a period of 3 days. The 1st and 2nd days will build the rationale for Retirement Planning in the civil service and familiarize civil servants on the various aspects of planning for retirement. The 3rd day will be used for developing action plan for individual implementation upon return to respective agencies. The program will be conducted in cohorts but participation will be voluntary as certain percentage of clients/civil servants may already be better disposed than what our proposal intends to do. The program aims to help those civil servants who are not aware of the reality of retirement and the complexities surrounding it. For this group it will be extremely useful and we believe that there is quite a significant number in the category.

It is proposed that the list of civil servants with ten years, five years and one year to superannuation will be generated by MISD/CSIS annually and the group will be brought together in cohorts of 30-50 for this specific workshop session. During these the individuals will be expected to submit their plans, which will be discussed, revised and improved upon to the satisfaction of both parties i.e. participants and mentor. The final ‘plan’ will be documented for record and review during the next session which will happen during the next schedule of discussion.

8. Conclusion

Since this workshop is the first of its kind, it can have several inadequacies. We are not certain about the specific requirements of the clients and, therefore, the module may not capture all requirements. Conversely, we could have included modules whose relevance can be debated. For instance, we are not sure if social planning is at all necessary in our setting when the society is still evolving from rural way of life and living. It may even appear pretentious to an outsider to be discussing this as a structured topic. But times are changing and we need to be adequately prepared

We have tried our best to be exhaustive by looking at how retirement planning in other countries is being done. We have incorporated ideas and practices that are suitable to our conditions and context. Financial Planning, the core module, is expected to be most useful as it will help develop the individual plan of action which is the essence of the purpose for retirement planning.