

## **“Psychology Works” Fact Sheet: Retirement**

### **What is “retirement”?**

Retirement typically refers to an age-related reduction in, or withdrawal from employment. The word “retirement” conjures up many different things to people. To some, it is a long-awaited reward for a lifetime of work. To others it is a signal of the end of one’s usefulness and relevance in the world. Depending on the point of view taken, retirement can raise feelings of relief and happiness or of sadness and anxiety. In reality, there is no one specific way to retire. Retirement can take on many forms - from a continuation of working with fewer hours to employment in a different occupation to a complete withdrawal from the workforce.

Historically, workers continued to work until their death due to a low life expectancy and an absence of pensions or social security. Germany was the first country to introduce retirement benefits in the late 19<sup>th</sup> century. Chancellor Otto von Bismarck argued that older workers who were no longer able to work deserved to be supported by the state. He also, however, wanted older workers to leave the workforce to make room for the large number of unemployed youths at the time. Since then, most other countries have adopted some type of retirement program.

### **Do you have to retire?**

In Canada, there is no longer a mandatory retirement age, so this means that, with few exceptions (i.e., pilots), employees are protected from being forced from their jobs solely based on their age. Employers must provide a bona fide reason for terminating an employee at any age, including after 65. That being said, an older worker may face ageism in the workplace and feel pressured to retire earlier than they would like. In that case, it may be worthwhile to have a discussion with someone in Human Resources or to seek legal consultation.

### **The process of retirement**

#### **Pre-Retirement phase**

Retirement is no longer seen as a one-time event. It is a process that begins long before an employee leaves the workforce. The Pre-retirement phase usually begins around mid-career when people start thinking about what life would be like after they retire. Important considerations for this phase are how much savings are in place and the status of one’s health and relationships. This is the time to identify any shortcomings in these areas and to take action to address them. Starting to plan for retirement at this stage will greatly increase the chance of having a successful retirement.

#### **Transition phase**

Once the retirement date arrives, the Transition phase begins. The early stages of this phase can create a “honeymoon” effect in which retirees bask in the freedom of no longer being tied to a job. Alternatively, it can cause anxiety by creating a feeling of being unmoored from the structure of the workplace.

Isolation and boredom can creep in as well as worry about how to fill in all that free time. This is a time when seeing a psychologist can be of assistance in getting through this stage of life if the stress feels overwhelming.

### **Adaptation phase**

Eventually, the Adaptation phase is reached at which point most people no longer work and settle into a new lifestyle that fits them and provides a sense of contentment.

### **When is the right time to retire?**

Deciding when to retire can be one of the most important and difficult decisions to make. There are many things to take into consideration. Talking to friends or colleagues who have successfully retired may provide useful information. Consider finding or taking a seminar on retirement; in addition to providing information on retirement benefits, they typically also discuss some of the social and psychological issues that retirees may face.

Some of the most important questions to ask yourself when considering retirement are:

#### **Do you have enough money?**

This is a tough question to answer and is often the first thing people think about when contemplating retirement. How much money do you need to fund the lifestyle that you want? Will the money you have be enough for the rest of your life? The answer to these questions may be different for those with a pension versus those who are self-funding their retirement. Another consideration is when is the best time to start taking your Canada Pension Plan (CPP), if you are eligible, or Old Age Security (OAS)?

There are financial specialists who can help you with this type of decision-making. Ultimately, it will come down to you deciding what it will take to fund your lifestyle (as well as possible unforeseen expenses) and then calculating your anticipated income to determine if it will cover it. You can expect some decreases in expenses that are associated with employment such as commuting costs but there may also be some increases in necessary expenses if, for example, you will be losing health benefits post-employment. For many, a major source of anxiety, though, comes from the fact that they don't know what the future holds for them or what the financial impact will be on them, or possibly, their family members and legacy/estate.

In terms of retirement satisfaction, people are unhappy when they don't have enough money to support the lifestyle that they want to live in retirement. Beyond that, increased income in retirement is not associated with an increase in happiness<sup>1</sup>.

#### **What about your health?**

In general, the state of your health is one of the most significant factors in determining your retirement satisfaction. It is difficult to enjoy your retirement if you are in poor health, either physically or mentally, because of the possible limits that poor health can put on your lifestyle. There are factors that affect your

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<sup>1</sup> Uppal, S. & Barayandema, A. Life satisfaction among Canadian seniors. Release date: August 2, 2018.  
<https://www150.statcan.gc.ca/n1/pub/75-006-x/2018001/article/54977-eng.htm>

health status that are beyond your control, however, maintaining a healthy lifestyle, as much as possible, starting from before you retire, can help contribute to a happy retirement.

Your state of health may also be a determining factor in your decision on when to retire. It is possible that ill health will force you out of the workforce. People who retire for this reason are often not happy ending their careers this way. They may not feel ready to retire and wish to continue working but they cannot.

Because they intended to keep working, they may not have plans in place for this early retirement. Coming to grips with this new reality is very stressful. If you find yourself in this situation, professional assistance with a psychologist may help ease you through this transition by helping you find ways to manage stress and the negative feelings associated with it.

### **Where does your family fit in?**

Research in Canada has found that people who are married or in a relationship are more satisfied in retirement than those who are separated, widowed, divorced, or never married<sup>1</sup>. This was true for both men and women. However, all seniors, regardless of marital status were more satisfied with their lives if they got to spend the amount of time that they wanted with family members. When this is taken into consideration, marital status is less important in accounting for life satisfaction. Therefore, regardless of marital status, spending the amount of time that you would like with loved ones can bring a measure of joy to your retirement life. For some retirees, this might even involve a discussion of relocating to be closer to family members.

For retirees in relationships, retirement satisfaction is associated with how much your partner is involved with your retirement decision and whether you and your partner have shared goals for your retirement years. Having your partner involved in your retirement planning can also lead to an easier transition into retirement. Partners can be a social resource in retirement by providing support at a time when you may be losing other social supports and by facilitating your goals. They also provide a sense of continuity at a time when many other aspects of your life are changing. Therefore, an important step in your retirement planning is to involve your partner directly in your plans and to try to align your visions of retirement together.

### **What will your social life look like?**

While working, you spend more time with our co-workers than you do with other people in your social circle. You see them and interact with them daily. When you retire, you no longer have that daily contact with others and may feel this loss. Not having the workplace in common anymore, nor the working lifestyle, may also lead to a drift away from some of your old working friends. This may be a time to meet new people whose lifestyles are now more like your new one - people with whom you can socialize with or engage in activities with during the day. Feelings of isolation in retirement can lead to unhappiness. Finding new ways to fill the gap in your social life can contribute to retirement satisfaction. Volunteering or engaging in activities that you love in the community will put you into contact with others who share your interests and provide a potential pool of new friends.

### **What do you do with all that time?**

This is a very common concern for people considering retiring. It is easy to see how to use up some of it but 40 hours. And if you retire at 65, you may well have 20 or 30 years left to live.

For some retirees, the answer is to embark on a different career altogether or to engage in part-time work. You have the freedom now to work on your own terms - when and where you'd like, in a position that may be less stressful or time-consuming and yet keep you connected to the working world. Employment will also add a boost to your retirement income.

Retirement is also an opportunity to engage in activities that you may not have had the time for while working. Such activities may involve learning a new skill or travelling to places that you've always wanted to see or giving back to the community with some type of volunteer work. Among older Canadians, engaging in activities reduces psychological distress such as depression and anxiety<sup>2</sup>. However, it is not just the act of participation that counts, but the fact that you feel engaged or connected to others. This means that you are spending time with people with whom you feel close to and can count on for help and support. These are important factors in reducing stress.

## Identity

Identity issues can cause stress when transitioning from employment to retirement. How do you explain who you are without explaining what you do? Who are you if you are no longer a teacher, dentist, salesperson etc.? After being someone who had been in a clearly defined role in society while employed, retirement can result in a sense of loss of identity and a challenge to create a new one for yourself. This process is more difficult for people who see themselves as having only one identity - usually their work one. It is easier to forge a retirement identity for yourself if you already see yourself in multiple roles before you retire. Therefore, it is helpful to become involved in more than one major life activity to ease the transition to retirement.

## Meaning

Throughout your life, you were preoccupied with, at first, your education and then your employment. You may have raised children or been involved in other worthwhile activities. Thus, you had a sense of purpose which provided meaning to your life. In retirement, much of those things are now finished and you may feel a void in your life. What is the next step? The answer to this question is up to each individual. A fear of this step and an inability to see what comes next may keep someone in the workforce longer than they should be. It can also lead to denial of the fact that, eventually, everyone must retire. A lack of acceptance of this fact leads to a lack of planning and preparation and thus a more stressful and unhappy retirement experience. It may also result in external circumstances dictating when you retire, for example, ill health or the need to care for a family member. Ideally, for a happy and successful retirement, you will be the one deciding when to retire. Not being in control of such a major life decision can lead to a very stressful and unhappy retirement.

Retirement is a time to focus your time and energy on things that are meaningful and give value and purpose to your life, other than providing an income. For some people, the transition to retirement can be a difficult process to get through - with the many changes and unknowns creating stress and anxiety. If you are struggling with finding value and meaning in your life and are experiencing prolonged periods of sadness and worthlessness, it may be time seek assistance. A psychologist can help you re-orient to a new way of living and help you find meaning and, ultimately, contentment with your new lifestyle. It is

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<sup>2</sup> Mackenzie, C. S. & Abdulrazaq, S. (2021). Social engagement mediates the relationship between participation in social activities and psychological distress among older adults. *Aging and Mental Health*, 25 (2), 299-305.

important to take whatever steps are necessary to get the most out of this important and rewarding stage of life.

## For More Information

Lamarche, V. M. For couples, a happy retirement requires shared goals.

<https://www.psychologytoday.com/ca/blog/love-chaos/202202/for-couples-a-happy-retirement-requires-shared-goals>

Dychtwald, K. & Morison, R. (2020). *What retirees want: A holistic view of life's third age*. John Wiley & Sons.

Martin, T. & Dagys, A. (2019). *The Canadian's guide to retirement planning*. John Wiley & Sons.

Pascale, R., Primavera, L.H., & Roach, R. (2012). *The retirement maze: What you should know before and after you retire*. Rowman & Littlefield

Waldinger, R. & Schultz, M. (2023). *The good life: Lessons from the world's longest scientific study of happiness*. Simon & Schuster.

**You can consult with a registered psychologist** to find out if psychological interventions might be of help to you. Provincial, territorial and some municipal associations of psychology often maintain referral services. For the names and coordinates of provincial and territorial associations of psychology, go to <https://cpa.ca/public/whatisapsychologist/PTassociations/>.

This fact sheet has been prepared for the Canadian Psychological Association by Jean Haley Ph.D., C. Psych. (Retired) on behalf of the CPA's Section of Psychologists and Retirement.

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