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# The Four Mindsets of Retirement



By [Graham Ward](#) , INSEAD, and [Isabelle Lebbe](#) , [Arendt & Medernach](#)

## **How to smooth the transition and embrace the “third half” of life.**

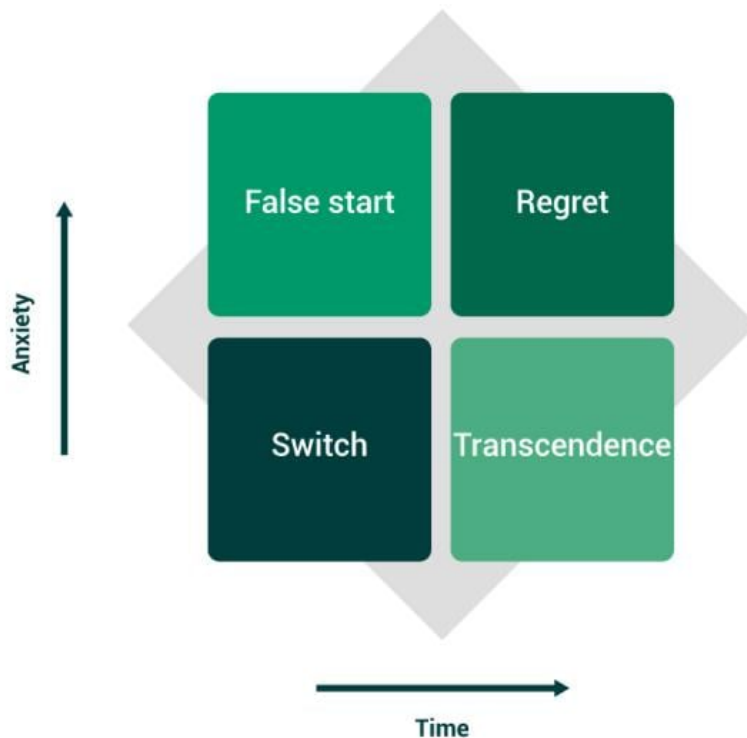
The idea of retirement as envisioned by our parents is undergoing a radical change. Once viewed as the last chapter before death, it has now morphed into an intermediate phase that no longer strictly aligns with either old age or complete inactivity.

Today, a retiree can reasonably expect to live another 20 to 30 years, ideally in good health, provided they continue to exercise both body and mind. In this context, the word "retirement" seems obsolete. It is perhaps more fitting to refer to it as a "third half".

However, retirement often entails a profound change of identity, especially if work played a substantial role in shaping that identity. Losing much of what defines us while still possessing the energy and desire for a working life can be profoundly disorienting. Indeed, as can be seen from our model below, increasing anxiety can lead to undesirable and unconstructive outcomes.

Getting the [transition to retirement](#) right is vital for retirees, their colleagues and organisations. Through our research and interactions with professionals navigating this shift, we have pinpointed four psychological mindsets associated with the transition to retirement.

## Four psychological mindsets of retirement



### 1. Switch

Vanessa was a partner in an audit firm in Paris. At the age of 51, she decided to cease her professional activity. “I was getting old and realising it,” she says. She gave herself two years to organise her succession and slowed down, changing her occupation day by day.

“Things had changed in my head; it had become difficult to stay at 100 percent,” she says, adding that she was thinking about her “future job”. A year after her retirement, she remains active, but in a different field, now running a bed and breakfast hotel in Marseille. She takes daily walks to the market to source produce for her guests, and winters in the southern hemisphere for two months in the off season.

“Switch” professionals like Vanessa describe a natural transition to their “third half” identity. The common feature among them is how carefully they prepare with small incremental changes and open discussions about their plans. They seem to have departed from their former professional identity

without regret, moving towards a new identity that they may not idealise but recognise for its positive benefits.

## **2. Transcendence**

Denis retired a year ago. He is critical of his former professional environment, with its strong "alpha male" culture and workaholism. Nevertheless, one of the various organisations where he serves as a non-executive director is a former client of his.

Other aspects of his work, however, are completely new to him. He has learned to cede executive control and take a position of oversight, which is both rewarding and different. Above all, he has adopted a holistic approach to life, leaving more room for what he finds deeply fulfilling and interesting. For instance, he takes pleasure in coaching a junior basketball team in his spare time.

Individuals who are “transcending” share similarities with professionals going through a rapid "switch"; however, the distinction lies in their desire to maintain a professional identity and shift in steps. They exist in a liminal stage, straddling between two places. Even if they are ready to engage in new activities, they do not wish to completely give up their professional lives, whether in terms of activities or the customers they serve. They have one foot in the new and one still in the old, which gives them a sense of psychological stability and solace.

## **3. Regret**

Gregory, a former accounting partner, retired and became an independent consultant. He left at the mandatory retirement age, relatively disillusioned but in good health. Relieved to have left the political aspects of his former organisation behind, he is bitter about his new role, which he expected to have more purpose. He feels alone and lacking administrative support. To Gregory, enforced retirement felt like a schism.

Much like the “transcending” retirees, those in the “regret” mindset find themselves stuck between their professional and retiree identities. Their choice seems more painful, caught between two identities that they fundamentally dislike. Two common characteristics include a form of pessimism regarding their future and a lack of attachment to their current professional identity.

Although they are often strongly critical of their former role, they would have stayed in their profession, had they been given the choice. In short, they are deeply ambivalent and in a subdued emotional state. The former working identity was known but unwelcome, whereas the anticipated identity as a retiree remains vague and anxiety-inducing.

#### **4. False start**

Akiko reached an agreement with their law firm before leaving, allowing them to continue the activity of counsel and work with their team and clients. Knowing that they would remain with their organisation, they did not prepare for retirement. “It’s a bit egotistical... What am I supposed to do? Be like the mastermind that liquidates *itself*?”

Akiko has maintained elements of their prior role, including the pension plan, office and parking space under the building. People who “false start” struggle to let go of their attachments, move on, make themselves redundant and properly plan for succession. There seems to be a denial of the biological clock and the need to bring new generations into the mix. They never really leave the starting blocks, hardly shedding their professional identity. Their day-to-day activities are very similar to the ones they have been doing until now. Instead of accepting their status as retirees, they deliberately, and often to their detriment, find themselves incapable of letting go of their profession.

#### **Why retirement matters and what to do about it**

Future retirees are often disoriented and relatively anxious about this new phase of their lives. As a result, organisations must carefully consider their approach to dealing with this segment of their talent pool. Should they opt to let them go completely, or do they see an advantage in maintaining a close relationship to benefit from their experience, knowledge or network? To support and guide them towards the chosen strategy, organisations might consider the following initiatives:

##### *Demystify procedures and guidelines*

Given that retirement remains a taboo subject in many organisations, with expectations, procedures and available options often unclear, it is important to be transparent about the company's strategy. Discussing the consequences of retirement allows both parties to prepare. This can include

conversations about financial considerations, access to the workplace, participation in events and use of email. Financial incentives could be structured to discourage people from “hanging on” indefinitely.

### *Celebrate and honour the retiree*

Organised programmes can initiate and support the transition into retirement, as well as an event to say goodbye and honour their legacy. This experience can be positive for both those leaving the organisation and their colleagues. Sabbaticals near the end of the executives’ tenures can provide psychological release to explore new horizons. Assigning people ambassadorial roles at conferences and other visible and high-status events also sends an appropriate signal to the market and the individual.

### *Provide support*

Providing people with time and space for reflection is essential to help them prepare for retirement. Individual coaching or, better still, group coaching, can be invaluable in this regard. This allows them to verbalise their feelings and misgivings, as well as receive the advice and benchmarking they may need.

Despite being potentially laden with anxiety, the so-called third half can be the most glorious chapter of life. Liberated from the shackles of insecurity and aware of their competencies and strengths, executives can be empowered to unleash their mature potential and contribute to society. Rather than perpetuating a taboo, healthy companies address the subject early, identify the specific mindset of each individual and gently guide them towards a different and more constructive future.

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