



YOUR CAREER

The Third Age: Transforming Successfully to Retirement

by John S. Lloyd, CHE

As baby boomers approach retirement age, more healthcare CEOs are facing the daunting challenge of making a successful transition to retirement, or what is often called the “Third Age.” Retiring CEOs must face the question, “What will I do for personal fulfillment now that I am no longer a CEO?” A recent Witt/Kieffer poll of 17 retired CEOs illuminated answers to this question and other challenging issues surrounding retirement. Two-thirds of the respondents retired at age 60 or younger, and about one-third retired before age 55. The overwhelming majority (93 percent) chose to leave their CEO position according to their own timetable. Twelve percent were women, all of whom retired before age 60. Following are some of the observations from the survey.

What will occupy my time when I retire?

An important aspect of the transition to retirement is a change in focus from organizational achievement to personal fulfillment. As might be expected, many retiring CEOs dedicate greater amounts of time to their family and their hobbies.

Respondents in the Witt/Kieffer survey spend 42 percent of their time in recreation and with their family. They also spend 25 percent of their time in the first year of retirement engaged in paid health-

(continued on page 6)

serving on voluntary not-for-profit boards with a healthcare mission. After the first year, only 20 percent engaged in any significant amount of consulting.

The most desirable type of retirement “work” is serving on a corporate board of directors and being compensated for this work. But only 15 percent of respondents indicate they actually do this. Compensation for this work varies from small cash income and stock options for those sitting on startup company boards to \$50,000 or more for those serving on Fortune 500 boards. If compensated board service is something you want to pursue, it may help to get started *before* you retire. As one former CEO said, “If you don’t get these board positions while you are an active CEO with a title, you are not going to get them later.”

What type of pre-retirement planning activities should I undertake?

As part of planning for retirement, CEOs frequently:

- Attend life-planning seminars that focus on more than financial planning
- Read books that focus on life transitions
- Make new friends
- Start a new hobby
- Receive education and training for a new field of endeavor
- Engage in travel or other family-focused activities
- Write a book, paint, or involve themselves in creative interests
- Volunteer in healthcare areas that are different from CEO leadership
- Pursue meaningful part-time work

Interestingly, women retiring from CEO roles often report an easier job transitioning than men. One woman CEO, after reading several books, designed a plan to improve her physical fitness and enhance her spiritual life, complete financial planning, become involved in new ventures, and volunteer in new ways.

Overwhelmingly, the respondents strongly advise that the retiree’s spouse or partner should be involved in retirement planning.

How can I make my retirement successful?

It may help to think of retirement as a multi-stage process. Two respondents to the survey had successful transitions when their retirement was carried out in stages. One went through a five-year planning process within his organization to identify and prepare a successor; he then served as an advisor to the organization after his official retirement. Another respondent announced his retirement in 2002, only to be asked by his board to stay on until an ownership transition was complete. This delay gave him time to plan the renovation and decoration of a new home; he later took courses in community planning. By January 2005 he hopes to be woodworking in his new shop.

What if I don’t like retirement?

Retirement is not for everyone. Three respondents to the Witt/Kieffer survey came out of retirement to accept new, permanent CEO positions. As one of these CEOs said, “I flunked retirement.” An avid sportsman, he had retired so that he could attend his high school children’s sporting events, which he had missed while a CEO. Once retired, he struggled with his lack of contact with professional colleagues and friends from his CEO days, ultimately concluding that “hedonism was simply not enough.” His highly successful style of “getting things done through others” was quickly recognized by another organization. Today, he expects that his new CEO role, which began in his early 60s, will last for a long time.

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