

10 QUESTIONS

Marc Freedman on Encore Careers and Embracing a New Stage of Life

by Carly Schulaka



WHO: Marc Freedman

WHAT: Founder and CEO of Encore.org, social innovator, author, speaker

WHAT'S ON HIS MIND: "I think there's an unacknowledged transition between midlife and this period that's not retirement, but really another phase of life and work, and people are not well prepared for that transition."

FINANCIAL PLANNERS KNOW that traditional retirement is a dying concept. As clients are living longer, healthier lives, a new phase of life is emerging—that time after ending a prolonged working phase and before truly slowing down. It's a time when many middle- to late-age adults are focusing on making an impact, building purpose, and creating a legacy.

According to social innovator Marc Freedman, it's the time for an encore career, and the organization he founded, Encore.org, is helping millions of adults make those encore careers not just wishful thoughts, but realities.

Freedman, a leading expert on the longevity revolution and the transformation of retirement, has written four books, the latest of which is *The Big Shift: Navigating the New Stage Beyond Midlife*. He was recognized as a 2015 Influencer in Aging by PBS' Next Avenue.org, and as one of the nation's leading social entrepreneurs by *Fast Company* magazine three years in a row.

Attendees of FPA Retreat 2016 later this month in Phoenix, Arizona

will have the opportunity to hear Freedman deliver a presentation on how you can help clients turn midlife uncertainty into a midlife opportunity.

The *Journal* sat down with Freedman to learn more about the Encore.org movement and the role financial planners could play to help middle-age and older clients achieve their own version of social entrepreneurship.

1. *Encore.org is building a movement to tap into the skills and experience of those in midlife and beyond to improve communities and the world. What inspired you to create this movement?*

The original inspiration was to provide more caring adults and human capital in the lives of young people who were growing up against the odds. I'd been involved in the first significant study that had been done on the Big Brothers Big Sisters program, and it showed tremendous benefits for young people who were matched with a mentor, but there were half as many kids on the waiting list for the program as were actually being served. And that raised

the fundamental question about the untapped talent in society.

And that started this journey, because as soon as you start thinking about the untapped resources of talent in the country today and even more so in the future, it's hard not to land on older people, so many of whom are looking for greater purpose. And they have a lifetime of experience and the benefits of even greater longevity. It seemed like there was an opportunity in the very specific sense of trying to improve the lives of kids, and at the same time improve the lives of older people who were involved themselves and oftentimes had a deep need to be needed.

So that was the beginning of this idea that there was a great twofold in engaging older people in ways that would build purpose and legacy, and an opportunity for people to live not just longer lives, but lives that continue to matter.

2. What role do you feel financial planners can play in the Encore movement?

An enormously important role. We're used to these rich and famous people who are essentially having a second act that's focused on solving significant problems of the world, whether it's Bill Gates or Jimmy Carter or Mayor Bloomberg. There are lots of titanic figures who don't really have a lot of financial need to do the work that they're doing in this stage. But it turns out that below the headlines there are millions and millions of people who are following a similar path or who want to.

Research we did last year showed that 4.5 million Americans are already in an encore career—a second act at the intersection of passion, purpose, and a paycheck—and that 21 million more give top priority to following in their footsteps.

And these encore careers, these second acts, last about a decade. So that's 25 million people who could contribute something like 250 million years of talent to solving significant needs, and yet of the group that's trying to go from aspiration to action, the 21 million, every time we poll them or do focus groups, the biggest barrier is not having the financial wherewithal to move from the freedom *from* work—that old retirement dream—to something that more closely approximates the freedom *to* work, to have greater latitude to do work that's closer to their sense of purpose but maybe less lucrative than what they were doing earlier.

“What we think of as more traditional retirement is being pushed later into life for financial and psychological reasons.”

In particular, there's a lot of stress around making the transition from the last act to the next one, especially if it involves going back to school and facing tuition costs, if it involves doing an internship program that may not have any compensation, or even a period of exploration. So I think a lot of people are particularly ill-prepared to do the kind of retooling and shifting required to move from a chapter in life that might involve 30 years or more of work to a whole new phase.

There are reports of people tapping into their kids' 529 accounts or going deeply into debt in this period, and it's because they haven't really thought of this phase of life as one that they need to plan for.

I think there's an unacknowledged transition between midlife and this period that's not retirement, but really another phase of life and work, and people are not well prepared for that transition. I think financial planners can help them do a much better job of being ready.

3. What is your definition of “retirement”?

The old definition was the freedom from work, the liberation from labor, the opportunity to take a well-deserved rest in the latter phase of life. That made sense 50 years ago when people were working much more physically demanding jobs, and when life expectancy was much shorter. It was a brief hiatus between the end of work and the end of life that was usually focused on leisure and recreation; graying is playing.

But now, as longevity is increasing significantly and projected to increase even more in the future (demographers now say that half the children born since 2000 in the developed world will see their 100th birthday), there's a need to redefine retirement. We need to redefine it from an endless vacation that starts in one's 60s or even earlier, to something that's more sustainable, not just for individuals who can rarely afford to spend 30 or 40 years in a state of subsidized leisure, or for societies that can't afford to have 20 to 25 percent of the population out of the productive years.

I think two things are happening: retirement, in many cases, is becoming a sabbatical, but a temporary one—a chance to get a breather between mid-life work and a new phase of contribution, as more and more people un-retire. And second, what we think of as more traditional retirement is being pushed later into life for financial and psychological reasons.

4. *The Encore.org site says: “While many see our aging society as a problem, we view it as a solution.” Tell us more about this problem and solution.*

In many ways, we view the older population as a surplus group, a liability. There are significant costs linked to having a much older population. At the same time, hidden in plain sight, is one of the most spectacular windfalls of talent the country has ever seen, comparable only to the movement of millions of women who moved into new productive roles in the '60s and '70s.

The re-engagement of so many in what was traditionally a time when people disengaged from society offers the chance to benefit from a lifetime of experience. At the same time, for individuals, there is often a second wind of energy, dynamism, and passion for leaving the world better

than they found it. Hidden inside this cohort is an extraordinary repository of assets rarely associated with an older population, such as innovation and entrepreneurship.

We now know from study after study that the 55- to 64-year-old group is the most entrepreneurial in society and that older people are one of the most creative groups in the country. So the genial notions of the kind of blue-haired workers who may be capable of refilling some water pitchers in a hospital is wildly out of sync with the reality of later life.

David Galenson, an economist at the University of Chicago, has studied creativity over the past century and shown that the two most creative groups in society are young people and older people. And that has to do with styles of creativity and styles of genius, and that conceptual genius tends to

bloom early and experimental genius is quite the opposite—it blooms late. Many of the most highly regarded artists, Cezanne for example, did not do their greatest work until their 60s. Louise Bourgeois, probably the greatest American sculptor of the past 50 years, didn't do her greatest work until she was in her 80s.

So it turns out that there are many surprises in the opportunities that come with a much older society that show how this demographic transformation is as much an opportunity to society as it is a problem to be solved.

5. *Encore.org grants the Purpose Prize® each year. How is this award different from simply recognizing seniors for good volunteer work?*

The Purpose Prize is awarded to people who are over the age of 60



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— Rianka R. Dorsainvil, CFP®



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who are essentially doing their most important work, their most creative work, the work that they're most likely to be remembered for.

When we launched the prize we thought of it as the opposite of a lifetime achievement award. And of course, there was concern that despite some of the famous examples of people who were doing really significant work in this period of life that gave back to society, that beyond these icons it would be hard to find others living out that same life pattern. That concern was quickly put to rest. The first year we awarded the prize we had 1,200 nominations for five prizes. We had to create a group of 50 fellows just to recognize the top 5 percent of the nominees. Since then we've had 10,000 nominations, 500 winners and fellows, and these are all people who are leveraging their midlife experience to tackle the greatest problems facing the country and the world today. And in many ways, they are drawing together all of the different facets of their life experience to do that work.

I think they're at the vanguard of a much larger group of people who want to do something important in this period of life—who recognize that we don't live in perpetuity—that leads to a great sense of purpose. And at the same time have the chance to actually live a legacy, not just to leave one.

6. *What can you tell us about the Encore Fellowships program and the impact it is having?*

As wonderful as the Purpose Prize winners are as role models, many if not most people won't choose the entrepreneurial path, but will instead want to transition from working for an organization in midlife to a new role within an existing organization in this period beyond the middle years. But it's very hard to figure out

how to get from point A to point B. And the Encore Fellowships program is patterned on the simple idea that internships can be a useful bridge between phases of life.

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We see that with young people all the time. Research by Herminia Ibarra at INSEAD, a graduate business school in France, shows that the most effective way to change careers at any juncture in life is essentially trying before buying, a chance to get a foot inside organizations and explore what new roles actually feel like. So the Encore Fellowships program is an attempt to let people try before they buy as they move from their midlife career to an encore career.

It's one year, half time, it pays a stipend of approximately \$25,000, and in many cases also involves health insurance. It's essentially an internship for grown-ups who've been so busy doing what they've been doing in their previous roles that they haven't had much time to think about what's next, much less directly experience options.

We've worked with a number of companies starting with HP. Intel has done a remarkable job of integrating the Encore Fellowships program into their human resources offerings. Intel pays the full amount of the stipends of the fellowship, covers health benefits, and provides some support to the

organization. They've essentially modeled it as a new avenue for people who are at what once was retirement age who really want to move to a new chapter in their working lives, rather than end their contributing years.

7. *What do you feel is the biggest obstacle for older adults looking for an encore career that has a social impact?*

I think people who are shifting into an encore career today face a series of obstacles starting with the difficulty of being a pioneer. They are often left to improvise in a do-it-yourself process where, even though millions of people are navigating this shift, they are often forced to figure it out one at a time. So it can feel like a lonely, confusing, and arduous process.

I think the second issue is they're oftentimes unprepared financially for something that may take a period of months or even years to navigate, just like transitioning from adolescence to adulthood for young people takes time and costs money. People are both psychologically caught off guard and financially under a fair amount of stress in getting from point A to point B at this new life transition.

8. *In 2014, you wrote a blog for Harvard Business Review advocating for the development of a robust version of school for the second half of life, offering examples of how Harvard and Stanford are making inroads on this so-called “third stage of education.” Where we are today?*

First, it's important for us to recognize that this period of life between the mid-50s and mid-70s is a new stage of life. It's very much equivalent to the creation of adolescence 100 years ago when we had a proliferation of young people who were neither children nor adults, but were in that in-between

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phase for an extended period of time. The same thing is happening now as we've seen a growth of people who are finishing their middle years and yet aren't in any way about to drift into old age or even into a traditional retirement.

We don't know what to call them. We hear about the "young-old," the "working retired." A kind of oxymoronic language has [developed]. And yet this group is far larger than the elderly segment of the population, and I think we're slowly coming to terms with this new period in life.

One of the most important aspects of making the most of this period is developing a new kind of education, just like we developed high school when we first had large numbers of adolescents in society. I think we need a new kind of education that helps people prepare, not just for what they're going to do next in the spirit of life, but for who they're going to be for a new period in their personal development.

For all the benefits of lifelong learning, efforts like Road Scholar (formerly Elderhostel) tend to focus on self-development and intellectual curiosity, but they don't really help prepare people in a multi-faceted way for a new stage of life that's yet to acquire a name. So I've been excited about a number of elite institutions, Harvard and Stanford at the forefront, that have developed one-year programs designed to help people get ready for this new life phase. I'm also excited about the work that a lot of community colleges around the country [are doing to create] inexpensive, expedited programs for the over-50 population, helping them transition to a new phase of contribution.

But I think the rest of higher education has been slower to pick up this opportunity. And I hope that as the numbers accumulate—it's not just

boomers but Gen Xers are now moving into their 50s—that the education system will adapt for this new life course.

The current model for life was really set up around the idea of a life span that was essentially three score and 10. People lived to about 70. You loaded up all your education at the beginning, you worked like a maniac for the next 30 or 40 years, then you had a brief retirement at the end of life, but if that gets stretched to four score and then some, or increasingly to five score, we have to reallocate education and training more sensibly across much longer life courses.

What you need to know at age 20 is likely different than what you want to know at age 60, and it's hard to get that so many decades in advance. So I think we have to redistribute education opportunities and education spending in ways that are fitted to much longer lives.

9. *Some people might think of an encore career as something only for someone who is financially well-off. But a 2014 Encore.org study proved otherwise; that 57 percent of those in encore careers report household incomes of less than \$45,000. What does this finding indicate to you?*

We can tend to associate this kind of activity with people who have all the freedom in the world financially to do what they want, but the drive to purpose and to legacy is distributed across the socioeconomic spectrum. What's more, people in middle- and lower-income socioeconomic groups have a need to continue working for a much longer period of time. And I think when folks consider what they want to do for a period that can last years, many are trying to strike a new balance between income and a reason to get up in the morning. I think that's why so many people across the socioeconomic spectrum are heading

in this direction. The problem is that it's difficult to make the transition to an encore career; there's so little support for that kind of shift. I think we need to develop much more support to ensure that this doesn't become exclusively the province of the elite.

One of my favorite policy initiatives is a program started after the first Gulf War that helped military retirees, many of whom never had the opportunity for higher education, to become public school teachers. The program, called Troops to Teachers, grew out of the insight that a lot of people working directly with soldiers are essentially in the business of developing young people, and that that would translate naturally to the classroom. It's been a tremendous success and the retention rates are several times higher than those of traditional education graduates. It's an example of how through some wise policy and planning we

can provide an opportunity for social mobility later on in life.

10. *You will be speaking at FPA Retreat 2016 in late April. What message do you hope the financial planners in attendance will take away from your session?*

That the intersecting longevity and demographic revolutions are producing a new map of life—one with an entirely new period of productivity in what used to be the retirement years. And that's an opportunity not just for individuals who are lucky enough to be at that phase today, but for younger generations who need to plan for a longer distance race than those of us in our 50s, 60s, and 70s today ever thought was possible.

And that ultimately, if the financial planning profession and other parts of society help this group realize their desire to continue to be productive,

engaged, and living meaningful lives, we'll all benefit, and that we'll have a richer, more productive society now and for generations to come. ■

Carly Schulaka is editor of the Journal. Contact her at CSchulaka@OneFPA.org.

Learn More ●

Marc Freedman will present "Navigating the New Stage beyond Mid-Life" as the opening general session at **FPA Retreat 2016** on April 27. If you are unable to attend Retreat this year, a recording of Freedman's session, along with several other FPA Retreat education sessions, will be available for purchase by June. Visit **OneFPA.org** and click on "Virtual Learning" to learn more.

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