

Moving into the Third Age

by Anna Rappaport

Editor's Note: Anna Rappaport is well-known to members of the SOA for her many contributions to the profession over the years, including a term as SOA President and work raising awareness of financial issues for women in retirement. Now she's starting a new chapter in her career, and has agreed to periodically share her progress with us in The Independent Consultant. Following is the first of what I hope will be several columns on what she learns, during what I expect will be a very successful venture.

As people are living longer, and as more of them are reaching traditional retirement ages, new ideas about work and retirement have emerged. One way to summarize these new ideas is to think of the life cycle as including a "third age." I am not aware of a specific fixed age definition for the third age, but rather would think about it as a period defined by shifting priorities and different bases for making choices. The third age can be viewed as a period between the traditional full-time employment career building period and full-time retirement and leisure. Individuals combine work, volunteerism and leisure in different ways during this period. Some actuaries look at this period as one during which they might want to start a small consulting business. There is no generally accepted practice at present and maybe none will emerge.

This article will look at issues related to the third age from the perspective of actuaries who move from full-time regular employment with an established business into a consulting practice. I will share personal experience in making such a transition. During 2005, I set up Anna Rappaport Consulting after retiring from Mercer Human Resource Consulting. This article was written one year after my retirement and after I had spent time defining my identity, developing a Web site, etc.

Some of the questions I considered

What is most important to me as I plan for my future?



I have long been concerned about making a difference and creating a better world. Today, my goals are heavily linked to my interest in making a difference with regard to retirement security in America, particularly for women alone. I see gaps in the systems and institutions in place and not enough people working to fill those gaps. At the same time, I want to balance my efforts to address what I see as vital issues with spending enough quality time with my husband, daughter, grandchildren, and many other family members, and with developing and pursuing my art. My decisions in designing and setting up Anna Rappaport Consulting were made by considering my passion and interests, as well as the balance I am seeking in my life.

What kinds of assignments do I wish to consider? How does quality control affect those decisions?

I am most interested in the big picture and in ideas. I can provide assistance based on these ideas in a variety of ways. I like speaking and writing, and I have important messages to share with others. I decided to seek keynote and important speaking engagements focusing on issues of importance, including the future of employee benefits, the aging society, special issues

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related to women, post-retirement risks and Social Security reform.

For me, one of the big issues in deciding what I was interested in doing is quality control and peer review. I am very accustomed to working in an environment where there are well-developed systems for quality control. I decided to address the issue of a quality control system, in part, by limiting the types of assignments that I plan to undertake. I have decided that my firm will not perform actuarial calculations nor provide statements of actuarial opinion. This makes it very different from the conventional actuarial consulting firm and also means that I do not need some of the resources that such a firm would use.

Another issue for me is time critical projects and being able to control and manage my own time. Some types of consulting assignments (such as supporting labor negotiations) require that the consultant must be available virtually all of the time, at least during critical periods. I have chosen to avoid such projects.

One of the most important questions I see for actuaries deciding to start new practices, whether in the third age or at other times of their lives, is focusing and defining the scope of what they want to do. Part of that consideration needs to be what quality control issues will emerge and how they can be managed.

Where does volunteerism fit in?

Leaving a legacy in the form of “making a difference” is a key goal for me. For me, the third age is a time of staying engaged and also one of giving back. My activities include a heavy focus on volunteerism including participation in actuarial and other volunteer activities. My key activities during 2005 included chairing the Society of Actuaries Committee on Post-Retirement Needs and Risks and serving on five not-for-profit boards, all of which were involved with retirement security and shared my focus on women in some way. The work of the Committee on Post-Retirement Needs and Risks has added to knowledge and focus on these risks. I view it as being important to both the retirement system in America and to the profession. Another example is my work in the Actuarial Foundation where I have just completed my term as Chair of the Consumer Education Committee. Some of our projects in that committee are directly linked to my passion.

As people move into the third age, it is important to make choices. While volunteerism is an important part of my life, it is important for me to focus my activities on those efforts that relate to my goals and that I see as valuable. I have chosen to largely focus on activities that involve “content” rather than “organizational governance.” I have also chosen activities related to my primary professional interest. Other people choose a major project that is important to them and not related to prior interests. For example, one of my friends, who was formerly a business school professor, started a community arts center. Another, an engineer, works as a volunteer many hours a year for the botanical garden in his community. The work of a core group of dedicated volunteers has enabled the garden to grow and expand and offer an outstanding holiday light show to their community.

Whom do I wish to work with and how do I find them?

For me the answer to this question was driven by the fact that I am in my third age and

want to have a business that I can do personally without employees. One of the first questions for me is whether I would like to work with my former employer, and I have decided that I am interested in doing this. Many individuals who retire from full-time work provide consulting services to former employers.

Other obvious potential sources of work are people with whom an individual has worked extensively in the past. An important goal for me is to have influence and get leverage from what I do. I also am seeking to work with people that enable me to focus on big picture issues. During the last year, I have been able to work with the Profit Sharing Council of America to help them think about how to focus on the value of the employer.

I am very involved with networking and use these opportunities to help bring focus to issues of importance. I have produced a brochure so I can share my story with others and also have developed a Web site. I feel the Web site will be important to help me develop speaking opportunities and it will support my credibility with such opportunities. The Web site will probably not help to get assignments with people I already know well. It will be quite a while before I can judge its importance and success.

I am very interested in the decisions individuals make about their own security and improving the ability of individuals to make good decisions. The actuarial profession is developing an area of practice for the "personal actuary." I personally have decided that I will not practice in this area, but that some of my volunteer activities will help in building information that will be useful to individuals and those who are helping them. I do believe that serving as a personal actuary may be a good third age decision for some actuaries.

How do I deal with the legal challenges of setting up my own business?

There are a number of legal issues of concern. David Rintoul gave an excellent presentation

during the 2005 Annual Meeting at the seminar "Starting Your Own Business" sponsored by the Smaller Consulting Firm Section, and I strongly recommend reading his handout for an overview of the issues. *[Note: David's handouts are available on the SOA Web site.]* I found this presentation to be helpful, particularly because it confirmed for me things that I already thought were correct.

I also visited my local bookstore and bought some books on starting a consulting business. Generally, the material on legal issues was not too useful and did not seem to make a lot of sense to me in my situation. I think an old actuarial rule is also helpful: If something looks like it does not make sense to you, it probably does not make sense for your situation, or at least be very careful.

Common sense is also very important in avoiding legal and other problems. Be sure that whatever you do, you are qualified to do it and that you have adequate resources. The Code of Conduct and Standards of Practice are part of the rule book. Also be sure that whatever you do, you and the person you are working for have a common set of documented expectations about what you will do, when you will do it, and how much and how you will be paid. This practice is common sense, but after a long career with both insurance companies and consulting firms, I have seen that failure to develop such an understanding is at the root of many problems. (One could apply similar common sense to personal relationships, etc.)

You will want to find an attorney familiar with the issues you are dealing with and decide when you need to use the attorney. David Rintoul provides advice in that regard as well.

More Questions to Ask

For actuaries thinking of establishing a consulting practice as a transition after a full-time career and while moving toward

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retirement, there are many of the same questions to ask, but also some special ones:

- What balance am I seeking in my life?
- How can I achieve that balance?
- How many hours of paid work per year am I seeking?
- What types of work do I want to do?
- Do I have networks and contacts to get work?
- How can I keep my skills current?
- Will I need to hire employees, and can I afford to do so?
- What is reasonable to do without employees or support?
- What support can I get?
- How can I get needed peer review and what quality control issues do I have?
- What strategy do I need for managing potential professional liability?
- Will I do work for former employers or contacts from former jobs?
- What legal and tax considerations do I need to focus on?
- Should I establish a pension plan for tax deferral?
- Should I affiliate with others? How?

Special Considerations

The considerations for a third-age consultant may be quite different at times from those of someone establishing a new firm with hopes to grow it into a long-term business. Some of the different issues include:

- A relatively shorter time horizon—most such businesses will be based on working for a few years.
- More modest goals with regard to the size of the business.
- The possibility of unconventional goals.
- For those with significant retirement resources already built, a different set of economic needs.
- In many cases, a reluctance to hire employees.
- The importance of keeping it simple.

These special considerations apply to my situation.

We Would Like to Hear From You

These issues are raised in the hope of starting a dialogue about the special issues of actuaries in the “third age” who are working to establish special consulting practices. I encourage you to share your own experiences and ideas with this newsletter or in other forums.

Resources

There are a variety of general resources for people to use as they think about what might work for them. Many people just invent their own directions. Some of the resources can be found at various Web sites:

Civic Ventures (www.civicventures.org)—this is a national organization and it includes quite a lot of resources and tools.

Third Employment Age Network (www.taen.org.uk)—provides insight into parallel issues in the United Kingdom.

AGE: The European Older People’s Platform (www.age-platform.org)—organization looking at population aging issues in the European Union.

Chicago Life Opportunities Initiative (www.cloi.org)—this site lists many references and resources. It also provides the guide to “Mapping Your Future,” covering five categories of planning:

- Health
- Work & Leisure
- Finances
- Housing
- Relationship

These five categories of topics offer a good overview of things to think about in life planning. They are not targeted to the establishment of a consulting practice. 🗣️



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