The parallels between running a marathon and saving for retirement

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For Financial Advisors and their Clients

Let's kick off the comparison with a quote by Ryan Holmes – "You can run a sprint or you can run a marathon but you can't sprint a marathon." The same principle can be applied to saving for retirement. Training to run a marathon is very similar to saving for retirement.

Naturally, whilst on a run recently, I was inspired anew by the number of parallels something like training for a marathon, and staying fit and healthy, has to our financial wellbeing. The best example of all – how, like running a marathon, saving for retirement is a long-term goal that takes preparation and persistence. For many people, the ultimate financial goal is to retire with enough capital to live comfortably and without worry.

It's hard…

There is a reason why only 1% of the population has managed to complete a marathon. Being able to run 42.2km (sometimes in brutal conditions) is challenging – both mentally and physically. It is not something that should (and can) be done without careful planning, training, and a decent amount of effort and dedication. These same principles apply to saving for a comfortable retirement. It is estimated that only 5% of the population retire with sufficient capital to maintain their standard of living in retirement.
Why?
Because it is hard…

Time is your friend (and your enemy…)

When training for a marathon and time is on your side the chance of succeeding is a lot higher, because you would have had adequate time to prepare. Training diligently for months (or even years) and slowly building your endurance is often a much better strategy than trying to cram in a crazy amount of training sessions only a week or so before the big race day.

The same goes for saving for retirement. Starting small and starting young is imperative. Most people don't get rich overnight but having the ability to build wealth slowly and allowing compound interest to work its magic is a major advantage. In the words of James Clear "Many people wish they started sooner. Almost nobody wishes they started later."

If you want great results, get a coach

Very few people achieve their marathon goals alone. Behind every world record holder, there is/was a highly qualified coach working on the grand plan, encouraging, motivating and constantly reassessing the situation. Your financial adviser is your coach and your trainer – they see the bigger picture, focus on the long-term goals and do the research. As your needs change and unforeseen circumstances arise, they are there to review your investments and to help keep you on track.

Planning is important, but so is doing

It is all good and well to have a training plan in place, to extensively research things like the right nutrition, injury prevention and race day tips but at some point, you will have to put on your shoes and run. When it comes to retirement, a good financial plan is essential but the most important step to take is to actually start saving and implement your plan.

Don't delay - put on your shoes and go run! Don't delay – start saving and execute the plan.

There will be setbacks

Every person will deal with setbacks in life, whether it is physically, emotionally, or financially. That is inevitable. Every runner will miss their strength training sessions from time to time or bad weather will discourage them from going for their run. They might battle to overcome an injury or life will get too busy to train. That's not to say you stop training completely just because of one setback.

Famous author Gretchen Rubin's shared her thoughts on how to rebound from a setback. She suggests the best way to overcome setbacks is to get back at it as quickly as possible. In her words, "Fail small, not big."

Mishaps and life happen. Maybe it was a tough month, filled with unforeseen expenses, and you missed a contribution to your retirement annuity - that's okay. As you would start training again once your injury has healed, so too, continue to contribute to your retirement as soon as you can.

A post-marathon strategy

The last couple of kilometres of a race is usually the part where you "hit the wall" — your body is on autopilot and you are just moving forward. Everything that you learnt in training and all those extra training sessions kicks in now - just as it would after a lifetime of saving. You do still need a strategy for "finishing the race," but you are so close to your goal that you can see the finish line.

Just as a runner should never approach the marathon finish line without a recovery plan (hydrating, stretching, icing sore muscles, replenishing nutrients), a retiree should not clock out on the last day of work without having an idea of what to do upon waking up the next morning (and the rest of their retired life). Keeping abreast of what is going on in your finances, having a budget, reviewing your plan with your financial adviser (at least annually), making sure you are appropriately invested are all important aspects of post-retirement preparation.

It is more rewarding than you think

There are a few things as rewarding as accomplishing a large goal. Running a marathon is one of the biggest physical challenges you can set for yourself. Most marathoners compare the day they finished their first marathon with other hallmark days, such as their wedding day or the birth of their child(ren). It's an accomplishment that will stay with you forever. It doesn't matter if you finish last. You are still a marathoner and part of a an elite group of people that have completed 42.2km (or maybe even more).

Having spent a lifetime saving diligently for retirement is a massive achievement and a very rewarding one. Spending your retirement doing things you like, and spending time with people you love without having to worry about falling short or putting a burden on your children to look after you financially – I imagine it must feel pretty good!

It's easy to feel like retiring and your retirement years are far into the future and that you have plenty of time before you need to start preparing for it. As a result, many would rather treat themselves to things they can enjoy right now instead of squirrelling away money for a future that's decades away.

That is why the statistic of a 5% success rate is not surprising.

In closing

The one big difference between a marathon and retiring - there is no set finish line for managing your money and you don't know when your last day on earth will be. For the average marathon runner, it's not about how fast you get there, but about whether you feel strong and healthy by the time you reach your goal. No matter where you are in the race, avoid comparing yourself to other people. Some runners get caught up in the excitement and competition during a race, but veteran runners know you must focus on your own race, not anyone else's.

Running a marathon is hard, but it is possible. Retiring with sufficient capital is also possible. Start slow, start small and keep your eyes on the end goal. M

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