

Factsheet: Transitioning to Retirement

Updated 2023

Background

Global research highlights that one in four baby boomers involved in the internal auditing profession are expected to retire in the short-term. With baby boomers making up almost 20% of the internal auditing workforce, this will result in the loss of considerable auditing experience and wisdom. There will also be significant challenges for retirees when they transition into retirement.

About a decade ago, Academy-Award winning actress Jane Fonda spoke about the challenges facing people in today's society, with people now living, on average, 34 years longer than during their grandparents' generation. She reflected on what sexagenarians and beyond are supposed to accomplish in the time that remained, referring to it as 'life's third act'. In effect, one's early life and schooling reflect the first act, and their working career the second act.

Internal auditors need to imagine this new phase of their lives as they approach and move into retirement, and chief audit executives and other audit leaders can play a critical role in supporting their staff in achieving a smooth transition to retirement and into 'life's third act'.

What Retirement Means

Research suggests that retirement remains one of the 'top 10' most stressful life events (together with death of family or close-ones, different phases of marriage [divorce, marital separation, reconciliation, marriage], imprisonment, personal injury or illness, and dismissal from work). Retirees often struggle with their new identity after defining themselves over many decades in relation to their careers. Following an initial boost in health, retirement increases a person's risk of clinical depression by 40% while raising their chances of being diagnosed with a physical condition by 60%. Retirees need to establish a purpose and new routines, pursue their interests, look for ways to stay active, focus on their health and wellbeing, and involve themselves in activities that help to structure their day.

Many times, when colleagues are considering retirement, they reflect on what they will then be doing ... relaxing, spending more time with grandchildren, catching-up on chores around the home, watching movies, and enjoying lots of travel, amongst other things. The challenge question is always, "And what are you going to do in the second and subsequent years of retirement?" Moving into 'life's third act' results in much more flexible time than long-term employees are used to having at their disposal ... there are 525,600 minutes in a year!

Some Ideas

Chief audit executives and other audit leaders can support internal auditors who are retiring by encouraging them to develop a holistic retirement plan, one that extends well beyond financial parameters. And this should start well before the proposed exit date. As an example, retired internal auditors are often well-positioned to take on [audit committee roles](#). The opportunity to do so can be improved when they have observed or directly supported audit committee activities, or where they have gained experience by taking on small or not-for profit audit committee roles in the year or two prior to retirement.

The lives of retirees are often enriched when they are able to [give back to the profession](#), through sharing their experiences. This can be done through:

- › Coaching and mentoring.
- › Teaching others by delivering training courses.
- › Participating in an alumni network.
- › Inspiring excellence by providing support as a 'buddy' for a guest auditor program.
- › Conducting the annual quality assurance and improvement program for an internal audit function.
- › Volunteering for the IIA-Australia.

Conclusion

Chief audit executives and other audit leaders who leverage these opportunities, often at little to no cost, contribute to development of the next generation of internal auditors, while enriching the third act of retirees.

Acknowledgment

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