

Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the thirty-fifth issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.

We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).

If you missed issues #1 thru #34:

They're available at:

<http://www.retirementworks2.com/support.asp?id=newsletter>

Next month:

Caregiving issues

The eight biggest retirement decisions...?

Back in July, Mark P. Cussen wrote a column titled [% Toughest Retirement Decisions](#) for the *San Francisco Chronicle*. Here's his list:

- When to retire.
- When to begin drawing Social Security.
- Where to live.
- Whether to keep working in some capacity.
- Whether to sell the house.
- When to begin taking retirement plan distributions.
- How to manage your investment portfolio.
- How to budget.

This is an excellent list . as a starting point. And what you probably should be thinking about at this moment is: are the employees at the organization(s) I am responsible for ready to make these decisions in a way that will lead them to the best answers *for them*?

If yours is like most organizations, the answer is No. There is even a good chance that your employees launch themselves into retirement having no really sound notion about *any* of these things, diving, as it were, blindfolded into the pool, and then hoping there's water in it.

But these eight issues are only the beginning. It would be lovely indeed if answering these eight were all that older employees had to do.

I'd like to suggest some other tough decisions that many, or perhaps most, of us should expect to deal with during our retirement years, or in preparation for them. Let me divide these supplementary lists into three categories:

Eight other decisions that are difficult because they are deep:

- Whether your deepest beliefs still feel true to you, and how they will support you (or fail to) during the processes of aging and, eventually, dying.
- How to re-evaluate the meaning of your past life and what you want your future life to mean.
- What new goals you want to set for yourself, and how to readjust those as you continue to age.
- Whether you want to be more involved, less involved, or differently involved in a religious community or in private spiritual practices.
- How to find a mix of leisure activities that you will still be able to pursue and enjoy if your capabilities diminish and/or if your favorite companions are no longer there to participate.
- How you would cope (or will cope, if the decision is already upon you) upon losing your life partner, both in financial

terms and, more importantly, in terms of keeping your life intact.

- Whether you want to spend some of your newly available time giving back to your community or country in some fashion.
- How you want to be remembered, by family, or by people more broadly, and what you will do to establish or further solidify this legacy.

“Isn’t it amazing that, somehow, we expect people to be able to deal with all of this on their own?”

Eight other decisions that are difficult because they involve other people:

- How to rebalance your life in terms of productive activity, recreation, rest, and spending time with others.
- How to manage being a caregiver for a parent, spouse, sibling, or other important person in your life, if (or more likely when) that time comes.

- Whether and how to reconnect with people in your life with whom you remain angry, or who remain angry with you.
- Whether you want to live (now, or in the future) with siblings or friends so that you can share expenses and companionship.
- Whether you should enter into loans or other financial relationships with family or friends and, if so, to what extent and in what fashion?
- Whom to include in your will, and in what amounts or percentages.
- Whom to name as your health care proxy and (perhaps more difficult) as your alternate(s).
- Whom to authorize to handle your affairs in case you become incapacitated.

Eight other decisions that are difficult because they are complex, mysterious, or both:

- What you should be doing to take better care of your physical health.

- What you should be doing to take better care of your mental or emotional health.
- How to understand what financial risks you face during the rest of your life, what their likelihood is, and what you can do to be prepared for them.
- How to turn your various financial assets into retirement income.
- Whether and how to turn home equity into retirement income.
- Whether and how to refinance or repay mortgages and other debt.
- Whether you need more life insurance or, probably more likely, whether you have more life insurance than you need (and what to do about it).
- Whether your IRAs or pension accounts should be in traditional or Roth accounts.

Of course, these are just 24 of the most difficult decisions (or 32, including Cussen's list). There are dozens of others that are equally common, some of them

equally important (others less so), that are generally a bit less complicated. At least once the more difficult decisions have already been made.

Isn't it amazing that, somehow, we expect people to know how to deal with all this on their own?

Recommended Reading for Employees Getting Ready to Retire

Your Retirement, Your Way, by Alan Bernstein and John Trauth

\$16.95, McGraw-Hill, 2007.

Notice: We do not sell books, or have any financial stake in recommending them.

This book well fits this month's theme, because it takes a broad look at the retirement years.

It does so through the unusual but pretty sensible lens of personality. It relies on the use of a personality assessment tool called The Birkman Method, which you perhaps have heard of, as it is used by a lot of organizations already.

The authors are super-organized, and they place a great deal of

emphasis on process and planning. These are strengths.

The biggest weakness of the book, and the reason we don't recommend it as enthusiastically as we might, is that the financial concepts it uses are, in our opinion, highly inappropriate for people in or near retirement.

They recommend taking Social Security at age 62 if you are not still working, which is much earlier than is financially prudent for most people. They recommend the consistent automatic withdrawal from savings of a fixed amount each month, which is good advice for those people whose cash needs will not change significantly for the rest of their lives. Which is to say, practically nobody. They are enamored of Monte Carlo investment models, which lost lots of people lots of money in the dot.com crash over a decade ago, and the more recent 2008-2009 crash.

So people who read this book would be well advised to skip over Chapter 8.

The rest of the book, though, is filled with interesting insights and

useful ideas. People who themselves like to take a highly methodical, organized approach to their lives will find it especially congenial. Those who like to wing it a bit, will be better off using a different guide.

But like all the best resources on retirement, this book emphasizes that retirement is not just about money, and it provides very concrete help in identifying and dealing with the non-financial issues.

Featured Website

Appleby Retirement Dictionary

<http://www.retirementdictionary.com/>

We are big fans of Denise Appleby, mastermind behind the Appleby Retirement Dictionary (and, by way of full disclosure, she seems to be a fan of ours as well, though we have never met in person).

Denise is one the country's foremost experts on IRA plans. Although her website does not brag about it, she has been prominent in the national media, offering news and advice about IRA and other retirement plans.

Her site does deal with non-IRA plans, including 401(k) plans, 403(b) plans, thrift plans, etc. It also includes and links to articles on other retirement financial topics.

But Individual Retirement Accounts (IRAs) are the sweet spot. All manner of facts are explained and questions answered in the Appleby Retirement Dictionary, and if you or the employees or retirees you represent don't find the answer you want, Denise will happily reply to specific inquiries. . . sometimes, it seems, the more unusual and challenging the better.

Of course, most employers do not offer IRA plans. But that doesn't mean employees and retirees don't have them. Many of them do, either because they (or maybe a spouse) started contributing to such a plan years ago on their own, or because a 401(k) or other account from a previous employer was rolled over into an IRA.

For the matter, some of your employees probably have a lot of questions about rolling over their account with you into an IRA.

Sure, you can refer them to the company that administers the plan, but if you want your employees to get objective information, not influenced by the desire to sell a product, then you should consider sending them to the Appleby Retirement Dictionary.

And if you yourself help employees with retirement questions, you can sign up for Appleby's free newsletter. For that matter, many of your older employees and retirees would benefit from subscribing as well.

About RetirementWORKS[®], Inc.

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Mass., which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful financial software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

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