A financial guide

So you’re seriously thinking of retirement
Important disclosures

The information in this booklet was prepared by or obtained from sources that Wells Fargo Advisors believes to be reliable, but Wells Fargo Advisors does not guarantee its accuracy or completeness. The material has been prepared solely for informational purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Wells Fargo Advisors is not a legal or tax advisor. However, its Financial Advisors will be glad to work with your accountant, tax advisor and attorney to help you meet your financial goals. This information is general in nature, and the strategies discussed may not be suitable for your personal situation, even if it is similar to the examples presented. Please contact your Wells Fargo Advisors Financial Advisor for more information.

So you’re seriously thinking of retirement

A financial guide
Contents

Introduction .................................................................3

Chapter 1  Imagining the possibilities .................................6
Examining your strengths, skills, talents and passions in order to answer the question: “What am I going to do now?”

Chapter 2  Gathering the financial facts .............................14
Getting a clear picture of your net worth and projected retirement income and expenses is essential when getting ready to retire.

Chapter 3  Life’s other realities ........................................32
Information on the health concerns and family responsibilities that may influence this phase of life.

Chapter 4  Overcoming roadblocks ..................................41
Strategies, suggestions and ideas for overcoming financial and personal challenges.

Chapter 5  Transitioning into retirement ............................58
Eleven practical steps to a smooth transition.

Chapter 6  More help ....................................................72
Valuable resources for prospective retirees on investing, health information, travel discounts, caregiving support, legal issues, volunteer opportunities, government programs and more.
I’m nervous about retiring. I shouldn’t be — I’m in good health, and I think I have enough money to live just as I do now. I know I won’t miss the stress of the job, but I am pretty certain I’ll miss my colleagues at work and the routine of having something meaningful to do each day.

Even though I thought I’d have enough money to retire comfortably, I’m not sure anymore. I know it sounds ridiculous, but I’m worried about the future. The stock market, Social Security, inflation, my health — you name it and it worries me. I’m thinking of working another 10 years, if not full-time, then maybe part-time — but I want to be doing something that I really care about.

I know, intellectually, that this “second-half” of life could and should be satisfying and exciting, but I don’t have a clue about how to make it happen. Work has consumed me for so long that I don’t have many outside interests. I need to find a new me if this second-half of life is going to work.

When it comes to retiring, some people have been waiting for years and are well prepared for it — financially and emotionally. But there are many others on the cusp of retirement who are troubled by doubts, questions and uncertainties.

At Wells Fargo Advisors, we understand the emotional conflicts, financial concerns, and practical questions that accompany this stage of life. No life transition is simple, and retirement is no exception. That’s why we put together this guide — to help you sort through the complexities and address your concerns.
Life first, money second

We’re living longer and healthier than ever before. Statistics tell us that once reaching age 65, men will live another 17 years and women another 20. For married couples at 65, the probability that at least one spouse will reach age 80 is 93%! And the probability that at least one spouse will reach 90 is 50%.

We believe that one of the best ways to take advantage of this new longevity is to add life to those years. We also believe that this is a time of celebration, especially if you begin it by envisioning how to live this next stage of life and then plan your finances around your dreams. So that’s the way this book is organized.

\(^{1}\) Source: Society of Actuaries, 2008.

Chapter 1 — Imagining the possibilities. Visualize what you’d like to do, where, and when.

Chapter 2 — Gathering the financial facts. Examine your finances to get a clear picture of where you stand.

Chapter 3 — Life’s other realities. Take into consideration your health and personal responsibilities.

Chapter 4 — Overcoming roadblocks. Envision solutions to overcoming problems so that many of your dreams can be realized.

Chapter 5 — Turning dreams into reality. Create a retirement action plan.

Chapter 6 — More help. Contact the right advisors and tap into resources to help you with the practical matters.

In designing this book, we’ve kept in mind a few important truths:

• Because it conjures up pictures of people withdrawing from life, “retirement” is not necessarily the most accurate word for this stage of life. The problem is that the English language doesn’t have a better word. So we use the “age of retirement” frequently and view this as a time to re-imagine retirement in an appealing and exciting way. It doesn’t necessarily mean stopping work altogether.

• Retirement changes. When you reach the age of retirement, you have one concept of what you want to do. But the concept can change subtly or radically from year to year — depending on any number of life factors.

• When you’re planning for retirement, there are lots of combinations, compromises, inventive solutions and creative possibilities. This book’s goal is to inspire you to see them.

• Your retirement has a ripple effect on your family and close friends, so it is essential to talk about it with people you care about.

• You can rehearse retirement. Retirement doesn’t have to happen all of a sudden. You can play it out any number of ways before you actually make decisions.

Your Wells Fargo Advisors Financial Advisor: An invaluable resource

You want to have control over your second-half of life. But to make judicious decisions, you need solid advice and an array of options that will help you achieve your goals. That’s where your Wells Fargo Advisors Financial Advisor comes in.

We urge you to take advantage of your Advisor’s knowledgeable input and thoughtful guidance. He or she can help you develop a better understanding of your financial picture, suggesting strategies for aligning your desires with the financial facts and working with you to develop a personal strategy. Your Advisor understands that while the “means” is money, the “end” is the quality of your life.
Chapter 1

Imagining the possibilities

When in the throes of a career, raising a family and earning a living, you don’t often have the luxury of choosing from a wide variety of lifestyle options. But now, on the verge of retirement, things are different. The “What am I going to do now?” question is ripe with possibilities. At Wells Fargo Advisors, we think people need to figure out their goals first, then work with an advisor to create a plan to achieve them. Crafting a rich life in retirement is exciting, but it can be daunting. Still, it’s worth it. If you haven’t thought much about it before, or if you’re still uncertain about what you’d like to do in the future, it may be time for a little soul-searching. You might be surprised by the strengths, talents, skills, and passions that you discover or rediscover in yourself.

Who are you?

Sometimes we fall into the trap of thinking that we are our work — even though we know better. Sometimes other people also judge us by what we do. People at parties often ask each other, “What do you do?” and expect a quick “label” response like “I’m a lawyer,” “I’m a marketing manager,” “I’m a social worker,” “I design educational software,” or “I’m in real estate.”

Those labels may be handy, but they certainly don’t tell much about who you are. It’s when you start describing what you do and how you do it that you begin uncovering what makes you different, even unique, from all the other lawyers, marketing managers, social workers, software designers, or real estate brokers. You’ve probably asked yourself the following questions before — perhaps when contemplating a career change — but it’s worth asking them of yourself again. (Feel free to jot your answers down here.)

1. How can I describe what I do without giving my job title?

2. What makes me valuable to my employer or to my business?

3. What are five ways in which I am different from others with my “label?”

4. What are five ways in which I am different from others in my organization?

5. What kinds of roles do I assume at work and in life? (We play many roles — leader, expert, coach, creator, salesperson, parent, reporter, caregiver, organizer, etc.)

Answering the cocktail-party question “what do you do?”

For people who think they’ll cringe at the question “… and what do you do?” when they retire from their present career, here are two thoughts.

1. Drop the references to your former business life. For example, don’t say, “I used to be a lawyer.” (It sounds as if you’ve been disbarred.) Don’t say “I was a sales manager.” (It sounds as if you were laid off or fired.)

2. Describe your activities at the moment. “Right now I’m fund-raising for the library,” “consulting with a small start-up company,” “designing a website,” “tutoring sixth-graders in reading,” “bringing my handicap down,” or “getting the house ready to sell.”
What are your personal strengths?

If you haven’t recently reviewed the portfolio of knowledge, insights, skills and strong personal characteristics you’ve acquired over the years — from your work, education, volunteer activities, hobbies and interpersonal relations — this is the time to do it. Identifying your aptitudes and your passions helps you figure out what this next stage of life should look like.

Your knowledge and aptitudes

What subjects particularly interest you?

They can be workplace-related. For example, are you absorbed by the latest technology? Do you find international trade exciting? Are you a whiz with the company’s finances? Are you masterful at inspiring people to work as a team? Are you considered an expert in your field? Are you a pro at negotiating? Do you facilitate meetings well? Are you an inspired speaker?

Do you have special knowledge as a result of interests outside of work?

It could be in art, history, sports, religion, theater, geography, health, music, exercise, social issues, politics, or a dozen other areas. Almost always, the subjects that fascinate a person are also the subjects one knows the most about.

Take a moment to think about what you know.

I’m knowledgeable about

________________________________________________________

________________________________________________________

________________________________________________________

________________________________________________________

________________________________________________________

________________________________________________________

What you know doesn’t tell the whole story, however, because you also have personal characteristics that define you and make you special. It’s helpful to tap into those as well. What are your strongest personal qualities — ones that you recognize in yourself and that others see in you?

<table>
<thead>
<tr>
<th></th>
<th>Very</th>
<th>Average</th>
<th>Not me</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Determined</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kind</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empathetic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passionate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Optimistic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energetic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imaginative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interesting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focused</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Your passions

Just because you’re able to do something well doesn’t mean you like doing it, of course. The key to feeling fulfilled is to use your strengths and talents in ways that excite enthusiasm and passion. Retirement can be a wonderful time to indulge your passions. If you haven’t thought about these in depth before, ponder them now. Notice what sparks your interest most intensely. Think in specific terms. What specific activities, people or subject matters animate you? For example, are you inspired to pick up your saxophone again and form a jazz band? Does your interest in art extend to going back to school to get an MFA? Are you enthusiastic about training for and running in a marathon? Do you still get energized by the idea of starting businesses? Do you hope to be part of a national effort to find a cure for the disease that afflicted your mother?

What have you dreamed about for a while? Going to a baseball camp with the pros, singing in a choir, becoming a professional photographer, joining an amateur theatre group, volunteering for a stint in the Peace Corps, being a mentor or taking your grandchildren on a sailing adventure?

Enthusiasms aren’t hard to find, but they often get forgotten, lost, or taken for granted in the swirl of everyday life. Now that you’re thinking seriously about retirement, however, it pays to uncover them. Be prepared to dig deep to find those sublime moments of the past — often going as far back as childhood. Don’t be surprised if it takes some time to dredge up the subjects, activities, people, or causes that have drawn you to them in the past, or recall the places you have always wanted to visit, but never have. You will.

And keep in mind that a dream deferred doesn’t have to be a dream denied!

Any of the following techniques are useful to reawaken dreams, and all are designed to help you get in touch with important feelings that might inspire you and give you the encouragement to stretch and grow during the age of retirement. Focus on specific times when you were growing up and in high school, for example, and what was memorable about each of them.

1. Linger over old photos and remember how you felt when they were taken.
2. Think back to times when you felt heroic or especially proud of yourself.
3. Ask yourself what you learned when you were younger that gave you a jolt of energy once you got the hang of it. If, for example, you went white-water rafting when you were 12, you might remember how scared you were at first, but how the sense of adventure left you exhilarated.
4. What were you forbidden to do when you were a child that you might like to do now?
5. What causes or human conditions have touched your heart over the years that you could contribute your years of experience, skills, wisdom and passions to in a meaningful way?
6. Muse about what it was that captured and transfixed you as a child or young adult — anything from spending glorious summers at your grandparents’ cabin by the lake to exploring the ethnic neighborhoods of a nearby city.
7. What are a few specific actions you’ve taken in your life — lately or a while ago, life-altering or mundane — that have given you a real sense of confidence and satisfaction? (It could be something as simple as helping your neighbor’s son with geometry, or as complex as getting a floundering charitable organization on a sound financial footing.)

Jot down at least five activities, people or subject matters that you’re excited about doing, seeing, or learning more about. You don’t want to forget about them when you plan for the future.
Finding your favorite style and setting

If you can structure this phase of life so that it reflects your personal style, it's bound to be more satisfying. So ask yourself if you are someone who likes operating at a breakneck pace or whether you prefer moving slowly. Are you adept at juggling a number of activities, or do you focus on one thing at a time? Do you love privacy, or do you need people around you? Do you like to work collaboratively or alone?

Environment, too, strongly influences how a person feels and operates. Some people like being outdoors; others don't care for it. Some like warm climates; others like cool weather. While it's rare that a person likes the same environment day after day, it's important to understand how varied you like your surroundings and how they figure into your happiness — because environment will be an important factor when you structure your retirement.

Are you ready for retirement?

If you do have the luxury of choosing your own retirement date, ask yourself these questions to see if you're emotionally ready to opt out of the life you're now leading and get into a new stage. You probably won't be 100% on either side of this fence, but you'll get an idea of where you're leaning.

1. Do you find yourself wishing for a year of Saturdays? Or do you eagerly look forward to going to back to work each Sunday evening?
2. Do you say to yourself “I’ve worked long enough, I have no more to prove”? Or do you feel uncomfortable, or even guilty, when you contemplate the idea of not having a paycheck coming in?
3. Do you find yourself envying friends who are traveling extensively, wintering in warmer climates or consulting on a very part-time basis? Or do you find yourself wanting to follow in the footsteps of those older than you who are actively engaged in their careers?
4. Are you leaving the office or workplace earlier and earlier to get home to be with family and friends or engage in a sport or activity you enjoy? Or do you still like staying late and associating with business colleagues in the evenings?
5. Do you look forward to the idea of “giving back” to the community or the world in a different way than you have in the past? Or do you see your life continuing in much the same way it has before you reached the age of retirement?

Imagining the possibilities can take time

It often takes time to “get a life” in retirement. Few make the transition from one lifestyle to another all that smoothly. Generally it goes in stages — you contemplate a change, you prepare for it, and then you take an action. But it’s not all forward motion; often it’s two steps forward, one step backward.

You can probably identify your own transition style, because over the course of a lifetime, everyone develops a particular approach. Among the most common ways of dealing with the transition to retirement:

• “Deer in the headlights”. Some people freeze for a time after they’ve left their lifelong work, and they do nothing. Then, after a while, they wake up and say, “Enough of this rut. I’m ready to face this new time of life.”
• “Energized bunny”. Some people hit the retirement ground running, often because they are more uncomfortable doing nothing than doing too much. Sometimes they make false starts, such as impetuously buying a farm because they feel a need to return to nature, and then selling it when they realize they don’t really want that responsibility on a full-time basis. Or they might overschedule themselves, and then pare down activities when they realize what they really like doing and feel more comfortable with this new stage of life.
• “Bear in winter”. After leaving lifelong careers, some people need to take time to reflect on what’s next. They may change scenery completely, renting a home for six months in a distant land to give themselves ample space to hibernate and mull over possibilities. Or they may take an extended vacation to help them relax, contemplate, and separate the two phases of their lives. Extended contemplation leads to preparation and then action.
• “Sly fox”. Some people have been laying the groundwork for this transition for a long time. They may have begun the micro-business that they plan to run in retirement, learned Spanish so they would feel comfortable retiring in Mexico, or gotten involved in an organization they will be giving more time to. These people have contemplated, prepared, and made the retirement transition in their minds long before they make it physically.

Even if you’re usually a “deer in the headlights” during transitions, it makes sense to begin thinking about this new stage of life before it’s upon you; figuring out how to live out dreams usually takes time.

Nevertheless, try to avoid feeling pressured. Nothing usually happens the day after you officially retire. Keep in mind that retirement, like life, is a work in progress.
Chapter 2
Gathering the financial facts

What you don’t know about your retirement finances can hurt you! Even though no one can predict the future, having a handle on your present financial state gives you a better chance of accurately planning for your future.

As we know, this next stage of life could be, happily, even longer than you might have dreamt. Chances are you’ll need more money after retirement than you might have expected, and since no one wants to outlive his or her available funds, developing a clear view of your entire financial picture — your net worth, your projected retirement income and your projected expenses — is not just a parlor game: It’s essential.

The facts may not always please you (although they may be better than you expected), but at least you won’t be awash with “guesstimates”. You’ll sleep better knowing where you stand.

Net worth
You’ve probably accumulated assets by participating in 401(k)s and other retirement plans. Or, if you’re self-employed, by establishing a SEP or other qualified plan. And you probably have invested outside your retirement plans, too — in real estate, stocks, bonds, mutual funds, annuities or other investments.

You might also still have some debt — a mortgage, a home equity loan, a car loan, a credit-card balance — or some future obligation, such as a charitable pledge or a promise that you’d pay for a grandchild’s college education.

But if you’re like most people, you haven’t tallied your assets and liabilities in a while. You may have a firm fix on your investment holdings — but, of course, that’s only part of it. Most people’s assets are spread out. Retirement accounts may be with different firms; defined-benefit pensions may be with a number of companies; real estate may be the home you live in, a second home, even an investment property. You may have no idea of the current value of any antiques and collectibles you’ve amassed over the years.

So what you need to do is put it all together to get a snapshot of your total net worth. Gathering the information may take a little time, unless you’re super-organized and have all of the necessary papers already within reach.

<table>
<thead>
<tr>
<th>Net-worth worksheet for</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Assets**

Name of owner: ____________________________

Amount:

- Cash: $_________
- Checking/savings account(s): $_________
- Money market account(s): $_________
- Cash-value life insurance

**Investments**

- Stocks: $_________
- Mutual funds: $_________
- Bonds: $_________
- CDs: $_________
- Government securities: $_________
- Antiques/collectibles: $_________
- Limited partnerships: $_________

**Real estate**

- Equity in home: $_________
- Second-home equity: $_________
- Equity in income-producing property

Gathering the financial facts
### Assets

Name of owner: 

<table>
<thead>
<tr>
<th>Other property</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity in home</td>
<td>$_________</td>
</tr>
<tr>
<td>Land</td>
<td>$_________</td>
</tr>
<tr>
<td>REITs</td>
<td>$_________</td>
</tr>
</tbody>
</table>

**Personal assets**

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewelry/other valuables</td>
<td>$_________</td>
</tr>
<tr>
<td>Household furnishings</td>
<td>$_________</td>
</tr>
</tbody>
</table>

**Business**

| Your share | $_________ |

**Retirement accounts**

<table>
<thead>
<tr>
<th>IRA</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>401(k)s, 403(b)s</td>
<td>$_________</td>
</tr>
<tr>
<td>Keogh/SEP</td>
<td>$_________</td>
</tr>
<tr>
<td>Company pensions</td>
<td>$_________</td>
</tr>
<tr>
<td>Other</td>
<td>$_________</td>
</tr>
</tbody>
</table>

| Total assets | $_________ |

### Liabilities

Name of lender: 

**Short-term debt**

<table>
<thead>
<tr>
<th>Charge accounts</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards</td>
<td>$_________</td>
</tr>
<tr>
<td>Personal loans</td>
<td>$_________</td>
</tr>
<tr>
<td>Taxes due</td>
<td>$_________</td>
</tr>
<tr>
<td>Insurance due</td>
<td>$_________</td>
</tr>
<tr>
<td>Outstanding bills</td>
<td>$_________</td>
</tr>
</tbody>
</table>

**Intermediate-term debt**

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>$_________</td>
</tr>
</tbody>
</table>

**Long-term debt**

<table>
<thead>
<tr>
<th>Mortgage on home</th>
<th>$_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other property</td>
<td>$_________</td>
</tr>
<tr>
<td>Other debt</td>
<td>$_________</td>
</tr>
</tbody>
</table>

| Total liabilities | $_________ |

| Total assets      | $_________ |

minus Total liabilities

| $_________ |

equals Current net worth

Gathering the financial facts

Gathering the financial facts

So you’re seriously thinking about retirement
Income

The question of how much income is enough for you to live comfortably on in retirement can’t be answered unless you know how your income and expenses correspond. Let’s look at your projected income first, and try to get a handle on what you can expect from Social Security, pensions, retirement accounts ([401(k)s, IRAs, 403(b)s, etc.]), CDs, royalties, stock options, annuities, real estate investments, government securities, other bonds, and any earnings you might have from work (full or part-time, consulting, freelance or a small business).

Before you get to the calculations, you might want to review some of the more complicated aspects of your income.

Social Security. Nobody knows how or whether Social Security will change. Some believe that more affluent recipients might get somewhat-reduced benefits, or that the age to receive full benefits might increase. It’s unlikely that people retiring within the next few years will be greatly affected by a future change, however, so let’s look at the program as it is now.

Social Security is part (and only part) of a retirement safety net. If you’ve worked for at least 10 years, you qualify for a monthly benefit. The amount of that benefit depends on a number of factors, the major ones being how long you’ve worked and what you’ve earned.

You’re eligible to receive your full Social Security benefit (which means your benefit won’t be reduced) if you elect to draw it at your full-retirement age. Here’s when to expect it.

<table>
<thead>
<tr>
<th>Year of birth</th>
<th>Full-retirement age</th>
<th>Age 62 reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or before</td>
<td>65 years</td>
<td>20.0</td>
</tr>
<tr>
<td>1938</td>
<td>65 years + 2 months</td>
<td>20.8</td>
</tr>
<tr>
<td>1939</td>
<td>65 years + 4 months</td>
<td>21.7</td>
</tr>
<tr>
<td>1940</td>
<td>65 years + 6 months</td>
<td>22.5</td>
</tr>
<tr>
<td>1941</td>
<td>65 years + 8 months</td>
<td>23.3</td>
</tr>
<tr>
<td>1942</td>
<td>65 years + 10 months</td>
<td>24.2</td>
</tr>
<tr>
<td>1943 to 1954</td>
<td>66 years</td>
<td>25.0</td>
</tr>
<tr>
<td>1955</td>
<td>66 years + 2 months</td>
<td>25.8</td>
</tr>
<tr>
<td>1956</td>
<td>66 years + 4 months</td>
<td>26.7</td>
</tr>
<tr>
<td>1957</td>
<td>66 years + 6 months</td>
<td>27.5</td>
</tr>
<tr>
<td>1958</td>
<td>66 years + 8 months</td>
<td>28.3</td>
</tr>
<tr>
<td>1959</td>
<td>66 years + 10 months</td>
<td>29.2</td>
</tr>
<tr>
<td>1960 or later</td>
<td>67 years</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Source: Social Security Administration, 2009

Gathering the financial facts

You can earn as much money as you like and still get Social Security benefits if you continue to work after your full retirement age. For an estimate of how much you’ll receive from Social Security, check your annual Social Security Statement, which is sent out automatically by the Social Security Administration, about three months before your birthday. If you don’t have your last one, you can get a copy of it by calling 800-772-1213.

Retiring early. You can start receiving benefits as early as the first full month after you reach 62. But if you begin benefits before your full-retirement age, they are reduced to reflect the longer period over which they will be paid. Again, your Social Security Statement will give you an estimate of what you’d receive at age 62. Keep in mind that if you work while you’re receiving early retirement benefits, there are limits, which change annually, on how much you can earn without losing some or all of your benefits. Ask your Financial Advisor for a copy of our report, “Social Security And Your Retirement” for more details.

Waiting to take benefits. If you wait until after full-retirement age to take Social Security benefits, the monthly amount will increase. Your annual Social Security statement includes an estimate of the amount you could draw if you continued to work and delayed taking benefits until age 70. There are, of course, advantages and disadvantages to starting benefits either before or after your full-retirement age. Deciding when to begin taking benefits is not easy, but it generally becomes a personal decision, based on your circumstances and your health history.

Social Security for those divorced, widowed, or married. Regulations for people divorced, widowed, or married can get complicated. We suggest explaining your particular situation to the Social Security representative you speak to. But here are the basic guidelines.

• If you are married to someone receiving Social Security benefits, are 62, and meet certain other conditions, you may qualify for a benefit based on half of that of your spouse.

• To qualify, as an ex-spouse, you and your ex must both be 62 or older, you must have been married to each other for at least 10 years, and you cannot be remarried. Also, your ex must be receiving Social Security benefits, unless you’ve been divorced for at least two years.

• If you’ve been widowed, or if your ex-spouse is deceased you may receive a benefit based on the full amount of your deceased spouse’s benefit (provided you were married at least nine months and did not remarry) before age 60.
When you retire or leave the company, a pension is paid out either as a lump-sum distribution or through regular payments for as long as you live (and, in some cases, as long as your spouse lives too). To learn about your pension plan, get a copy of the Summary Plan Description from your benefits office to see how long you must be employed to become 100% vested, how much longer you need to work to receive the maximum benefits, and the choices you have for payout. Also check with your company’s benefits department if you don’t understand the Summary Plan Description.

IRAs, 401(k)s, 403(b)s, SEPs, and other retirement accounts. You can start taking money from retirement accounts at age 59 1/2. Withdrawals are subject to ordinary income tax and if you draw on it before 59 1/2, you might be paying a 10% penalty to the IRS (see the box on page 22 for exceptions). With a Roth IRA, however, you can withdraw the money tax-free as long as you’re 59 1/2 or older and at least five years have passed since you first funded the account.

During the 11 years between ages 59 1/2 and 70 1/2, you can take money from your retirement accounts or not, as you need or want it. But by 70 1/2 you must begin withdrawing a portion of the money. The minimum amount you must withdraw annually is based on the IRS’s formula, which is available in IRS Publication 590, on the IRS Web site irs.gov, or through your Financial Advisor.

Roth IRAs are an exception. Distributions from these are not mandatory during your lifetime.

No matter what your age, however, you can delay 401(k) distributions from your current job’s plan until after you retire from that job. (However, you should consult your plan sponsor or tax advisor before delaying distributions.)

Pensions. If you work for an organization or company that has a defined-benefit plan, you’re guaranteed a specific dollar amount when you retire. If the company has a defined-contribution plan in which you or your employer, or sometimes both of you, contribute money to your retirement account, the specific dollar amount you’ll receive as a retirement benefit is not guaranteed; it depends on the amount that’s been contributed, the management of the plan, and market fluctuation.

How and when to apply for Social Security

Three or four months before you expect to begin receiving benefits, call 1-800-772-1213 and a representative can make an appointment for your application to be taken over the phone or at a local Social Security office. You can also apply online at www.ssa.gov. (People with hearing difficulties can use the TTY number 1-800-325-0778.) Whichever way you choose to apply, you’ll need the following information:

- Social Security number
- Birth certificate
- W-2 forms or self-employment tax return for last year
- Military discharge papers, if you had military service
- Spouse’s Social Security number
- Proof of U.S. citizenship or lawful alien status
- Name of your bank and your account number, so your benefits can be directly deposited into your account
- If your spouse is also applying, he or she will need these documents as well
Dividends from stocks, bonds and mutual funds. Up until now, you might have been reinvesting dividends, and you may still be able to do that when you retire. But for the moment, consider dividends as part of your retirement income. Check your brokerage statement to find out what you received, or would have received, from reinvested dividends for the past year. Or ask your Financial Advisor to calculate how much dividend income you generally receive annually. Dividends are not guaranteed and are subject to change or elimination.

Work-related income. Many people plan to continue working, especially in the early years of retirement. Sometimes they cut back on their hours, start a small business, consult, or work locally doing something they’ve never done before. If you are planning to continue working in some capacity, estimate realistically what you might earn after expenses. It probably won’t be as much as you’re earning now, but it also probably won’t be your only source of income.

Annuities. Many people purchase an annuity before retirement or sometime afterwards because they need, or feel more comfortable with, the periodic payments that an annuity provides during a time when their earned income might be reduced. Depending on the annuity contract, payments may begin immediately or at some future date. If you own an annuity or plan to buy one, check on when payouts from the company begin and what you can expect as a monthly payout. Variable annuities are long-term investments suitable for retirement funding and are subject to market fluctuations and investment risk.

Real estate investments. Depending on the type of real estate investment you have, you could be getting regular payments (say from a renter), or you could be holding onto something that produces no income but provides tax benefits now (via mortgage deductions) with the hope of increased value in the future. When you calculate income from real estate, be conservative and consider only the potential steady income.

Miscellaneous. And then there are the pleasant surprises — a royalty check, a payback of a loan you’ve long forgotten about, a substantial gift from an aunt, a huge tax refund. Be conservative! Don’t predict anything in terms of miscellaneous income unless you are reasonably certain of it.
### Expected income in retirement

<table>
<thead>
<tr>
<th>Type of income</th>
<th>Annual $ amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>____________________</td>
</tr>
<tr>
<td>Defined-benefit pension</td>
<td>____________________</td>
</tr>
<tr>
<td>Other company pensions</td>
<td>____________________</td>
</tr>
<tr>
<td>Retirement accounts</td>
<td>____________________</td>
</tr>
<tr>
<td>Stock, mutual fund, bond income</td>
<td>____________________</td>
</tr>
<tr>
<td>Government securities</td>
<td>____________________</td>
</tr>
<tr>
<td>CDs</td>
<td>____________________</td>
</tr>
<tr>
<td>Real estate investments</td>
<td>____________________</td>
</tr>
<tr>
<td>Work</td>
<td>____________________</td>
</tr>
<tr>
<td>Annuity</td>
<td>____________________</td>
</tr>
<tr>
<td>Interest income</td>
<td>____________________</td>
</tr>
<tr>
<td>Other</td>
<td>____________________</td>
</tr>
</tbody>
</table>

**Expected annual income in retirement $ ____________________**

### Inflation — The great unknown

Like termites gnawing at wood, inflation can eat away at income. For example, here’s how much you’d need in the future to equal $1,000 in today’s buying power (assuming an annual inflation rate of 3%, the historical average).
Expenses

Talk about ancient rules-of-thumb that can get you in trouble. Here’s one. People only need 60% – 80% of their pre-retirement income once they leave work.

Not typically true. Every retiree has different expenditures, of course. But you can easily spend as much in the first 10 years of retirement as you did when you were working full time — or more. In fact, the first 10 years of retirement have often been called the Wonder Years (“I wonder why we’re spending so much”).

Leisure can be expensive. You may eat out more and travel more. You may take courses, visit friends, renovate your home, spruce up the furnishings, even buy a second home. After all, you’re retiring from a long career — not from life.

Don’t forget about taxes. If you’re not earning a salary in retirement from which taxes are taken out automatically, you’ll have to file estimated tax four times a year. Check with your accountant on how much per quarter you need to pay so that you’re not penalized at tax-filing time.

Keep in mind that you may be taxed on your Social Security benefit. A single person who has income between $25,000 and $34,000 pays income tax on up to 50% of the benefits, while someone with higher income is taxed on up to 85%. Similarly, a couple with income of $32,000 to $44,000 must pay tax on up to 50% of their benefits, while higher-income couples will be taxed on up to 85%.

Check with your tax advisor about whether there are any local tax breaks available to seniors. In some communities and states, property taxes are reduced.

Consider housing costs. While you may be understandably thrilled about the increase in value of the home you purchased years ago, you also know that the cost of maintaining the house might be one of your more hefty expenses — one that won’t be reduced when you retire, whether you have a mortgage or home equity loan on it or not. In fact, costs will probably increase, since as a home gets older, it requires more repairs. And as you get older, you might have to pay for more help with any maintenance.

Medical expenses may increase. If your present employer doesn’t provide medical insurance to its retirees (and fewer and fewer companies do), you will have to pay the entire tab for medical insurance. You’ll be eligible for Medicare at 65. Medicare Part A, which covers hospitalization, is free. But Part B (which covers physicians’ services), Medicare’s Prescription Drug Plan (Part D), and supplemental insurance are not free. Therefore, you can expect that your cost will be greater than when you were working full-time and your employer contributed as well.

If you’re still working after your 65th birthday and covered by your company’s insurance plan, you probably won’t need Part B. But as soon as you stop working, you’ll need to sign up for Part B, and consider getting a Prescription Drug Plan. You will also need a Medigap policy or other supplemental coverage that helps pay the part of your medical bills that Medicare does not.

Tip: Three months before your 65th birthday, call or visit a Social Security office to discuss Medicare (800-772-1213). You should do this even if you plan to continue working.

What you need to know about Medigap insurance

What is Medigap insurance? It’s supplemental insurance that you buy to help pay expenses that Medicare Parts A and B don’t cover. There are 12 plans — labeled A through L. They all provide basic benefits, such as Medicare Part A coinsurance and hospital deductibles, Medicare Part B coinsurance and copayments, and three pints of blood per calendar year. Plan A provides the least coverage and usually costs least. Other Medigap plans provide more coverage but usually cost more, as well. For example, J provides skilled nursing coinsurance and covers . . .

• the Medicare Parts A and B deductibles
• any excess charges of doctors covered under Part B
• foreign travel emergencies
• at-home recovery costs
• some preventive care not covered by Medicare

The other Medigap plans have different combinations of coverages.

Which is the best policy to buy? You have to evaluate each plan in terms of your current health profile and family history. If you have a chronic condition that’s likely to require skilled home health care in the future, have already had a serious illness that might someday require extensive outpatient treatment and hospital stays, or just want to feel more comfortable about the future, look at the more expensive plans that cover both skilled nursing and at-home recovery.
Retiring early. If you retire before age 65, you may have to pay for all of your health insurance coverage, unless you’re lucky enough to be working for a company that will continue your coverage until you’re Medicare-eligible.

But if you can’t or don’t have access to any group policies, you’ll have to get individual health coverage (for your spouse and any dependent children as well). That’s not always easy, because insurance companies often require a physical exam — and if you have a serious medical problem, they can deny coverage or set premiums at extremely high levels. In any case, however, private medical insurance, whether through an HMO (health maintenance organization), fee-for-service insurance plan, or PPO (preferred provider organization), is a necessity.

It might make sense to wait until you’re within 18 months of age 65 to retire, so that you can take advantage of COBRA benefits. COBRA is the federal law that says you may buy 18 additional months of group health insurance from your former employer. COBRA usually costs more than you paid as an employee, but less than you’d be charged for an individual or family policy.

Medicare’s prescription drug coverage is designed to help pay for prescriptions. You can’t be denied coverage for health reasons. It’s subsidized by the government, but you pay a portion of it. It’s sold by private insurers, and there are a variety of policies to choose from.

When you become eligible for Medicare, information on the prescription drug plan will be sent to you. Read it over carefully. If you’re not certain about which policy would be best for you, call Medicare or the Medicare Rights Center. (See Chapter 6, More Help, for contact information.)

When’s the best time to buy Medigap insurance? You have one opportunity when Medigap insurance companies are prohibited from turning you down for health reasons. It’s the open enrollment period that begins when you first enroll in Medicare Part B and lasts for six months. If you enroll during this window, insurance companies also can’t change the coverage they offer or charge higher premiums.

Who offers Medigap insurance? Many companies. Once you decide on the lettered plan that’s most in line with your finances and needs, look at the companies offering it. AARP is a good source of information on companies. And you’ll get mail from companies soliciting your business, including companies endorsed by AARP.

What is the Medicare Advantage? Medicare Advantage (also known as Part C of Medicare) is an alternative to Medigap insurance. Medicare Advantage plans include Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), private fee for service policies, and Medicare Medical Savings Accounts. Plans, premiums and benefits vary according to where you live.

What about a Medicare HMO? Be aware, that if you join a Medicare HMO, access to medical care may be limited to doctors in the HMO network, and access to specialists may require a referral from your HMO primary-care doctor. (For more about Medigap insurance or Medicare Advantage, contact the Medicare Rights Center or United Seniors Health Cooperative, listed in Chapter 6, More Help.)
Buying health insurance as an individual

Answers to the following questions can be useful when you compare the costs and benefits of various plans:

- What’s the monthly premium?
- What percentage of my doctor and hospital bills will the plan pay for?
- What's the deductible I have to absorb before the plan begins to pay?
- What, if any, preventive health care, like routine medical checkups and regular screens, does the plan cover?
- Is there a co-pay for my office visits to the doctor?
- Are there any exclusions for pre-existing conditions? If so, is there a length of time for these exclusions?
- Does the plan cover treatment in urgent care centers or emergency rooms?
- Does it cover prescription drugs?
- Is there a limit to my annual out-of-pocket costs?

Expected expenses in retirement

<table>
<thead>
<tr>
<th>Type of expense</th>
<th>Now (annually)</th>
<th>During retirement (annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major household or personal purchases</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Insurance premiums (other than medical)</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Gifts, contributions</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Personal debt</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Professional assistance</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>(accountant, lawyer, financial advisor, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes (federal, state, local)</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Other</td>
<td>$_____________</td>
<td>$_____________</td>
</tr>
<tr>
<td>Total (in today's dollars)</td>
<td>$_____________</td>
<td></td>
</tr>
</tbody>
</table>

Comparing projected expenses to projected income

Projected annual income $_____________

Projected annual expenses $_____________

If your projected income exceeds the projected expenses, of course you’re in good shape. If the reverse is true, don’t despair. This only means that you have to come up with some creative ideas to get rid of the disparity. See Chapter 4, “Overcoming Roadblocks” — then consult your Financial Advisor for more help in this area.
Chapter 3
Life’s other realities

Finances aren’t the only concerns that surface at this stage of life. Even when people see themselves as imaginative, vital and healthy, 60-year-old bodies are not the same as they were at 40. They let us know that they plan to have some say in how the next phase of life is going to be lived.

In addition to health and fitness, soon-to-be retirees are sometimes faced with family concerns such as caring for elderly or sick relatives, or being available (financially, emotionally or physically) for children or grandchildren. All of those may influence how retirement is structured.

Health and fitness

It seems as if every few weeks we hear of a new study that heralds foods to eat (or stay away from) or new ways to exercise to stay healthy and fit. (Salt is good for you or bad for you; a mild workout is as beneficial as vigorous exercise — or not; fill up on carbs or stay away from them; stay thin or be a little chubby for greater longevity; sun causes cancer, sun prevents it.) The problem is that the shelf life of many of these assertions is limited.

People get lured by friends’ claims, as well. Someone swears by a certain vitamin regimen and urges you to get with the program. Many Web sites offer misleading information, and some even promote bogus miracle cures. (For some of the best medical sites, see Chapter 6, “More Help.”)

So before taking a new study, a friend’s advice, or Internet news as gospel, check it out with your physician.

There are, however, tried and tested, common-sense ways to stay in the best shape possible. Here are our top 10:

1. **Keep moving.** No one disputes that moderate exercise is good for your mind and body. That doesn’t necessarily mean an hour a day at the gym, however. Turning up the music and dancing, walking to the supermarket from the furthest parking space in the lot, climbing the stairs of the apartment complex rather than taking the elevator, or weeding the garden — it all counts as exercise. Be sure to check with your doctor and get professional instruction before plunging into a new sport or exercise regimen.

2. **Have fun with it.** If you don’t, your good intentions to stay fit will not survive the long haul. Working out regularly with someone you like is an excellent idea. Not only is it more enjoyable, but it also motivates you. If you have made a date with someone to take a two-mile walk, for example, you’re less likely to back out of it than if you had made the commitment to only yourself.

3. **Set realistic goals.** If you’re a late-blooming athlete, you’re not likely to make it to golf’s Senior Classic after your first year on the links — and that’s okay.

4. **Be a people person.** Friends and family keep you healthy and mentally alert, especially if you hang out with people who challenge and interest you. They also provide support during difficult times.

5. **Laugh like a kid.** Laughter provides a whole-body workout that eases muscle tension, increases the oxygen level of blood, relieves anxiety, helps reduce pain, and improves alertness and memory.

6. **Let nature nurture you.** You become recharged when you breathe fresh air, feel the wind rustle through your hair, listen to the birds, or hear the waves wash up on shore.

7. **Make every mouthful count.** You know the drill. You don’t need the same calorie count you did 10 years ago; colorful fruits and vegetables are especially healthy; overeating is not; a solid breakfast (something like a fiber-rich cereal with fruit and milk) is what nutritionists recommend.

8. **Don’t sweat the small stuff.** We all know that stress can be harmful to your health. There’s some stress you can’t control, of course, like the stress from losing a good friend or relative. But if you can talk yourself out of the anxiety that might arise from the small stuff, like being caught in a traffic jam or being late for an appointment, start talking. You’ve lived long enough to know the difference between real problems and mere annoyances.
9. **When in doubt, check it out.** See your doctor when you’re not sure of what’s bothering you. You aren’t being a hypochondriac or neurotic if you want to know what ails you.

10. **Don’t take good health for granted.** Things may be brewing that you are unaware of, so it’s wise to schedule regular doctor visits with appropriate screenings and tests (see the chart below). In many instances, early identification and treatment of a potentially deadly disease or condition can be life-saving.

### Recommended screenings and immunizations

<table>
<thead>
<tr>
<th>Screening purpose</th>
<th>Age 50-64**</th>
<th>Age 65 and older**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Screening</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General health</td>
<td>Discuss with doctor</td>
<td>Discuss with doctor</td>
</tr>
<tr>
<td>Heart health</td>
<td>At least every 2 years</td>
<td>At least every 2 years</td>
</tr>
<tr>
<td>Blood-pressure test</td>
<td>Discuss with doctor</td>
<td>Discuss with doctor</td>
</tr>
<tr>
<td>Cholesterol test</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diabetes</td>
<td>Every 3 years</td>
<td>Every 3 years</td>
</tr>
<tr>
<td>Women’s health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bone density scan</td>
<td>Discuss with doctor</td>
<td>Get at least once. Then discuss whether to repeat.</td>
</tr>
<tr>
<td>Thyroid test</td>
<td>Every 5 years</td>
<td>Every 5 years</td>
</tr>
<tr>
<td>Mammogram</td>
<td>Every 1 or 2 years</td>
<td>Every 1 or 2 years</td>
</tr>
<tr>
<td>Pap and pelvic exam</td>
<td>Every 1 to 3 years</td>
<td>Discuss with doctor</td>
</tr>
<tr>
<td>Men’s health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prostate tests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital rectal exam (DRE)</td>
<td>Discuss with doctor</td>
<td>Discuss with doctor</td>
</tr>
<tr>
<td>Prostate-specific antigen (PSA)</td>
<td>Monthly self-exam and part of general checkup</td>
<td>Monthly self-exam and part of general checkup</td>
</tr>
<tr>
<td>Testicular exam</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorectal health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fecal occult blood test</td>
<td>Yearly</td>
<td>Yearly</td>
</tr>
<tr>
<td>Flexible sigmoidoscopy</td>
<td>Every 5 years, if not having a colonoscopy</td>
<td>Every 5 years, if not having a colonoscopy</td>
</tr>
<tr>
<td>Double-contrast barium enema (DCBE)</td>
<td>Every 5-10 years, if not having a colonoscopy or sigmoidoscopy</td>
<td>Every 5-10 years, if not having a colonoscopy or sigmoidoscopy</td>
</tr>
<tr>
<td>Colonoscopy</td>
<td>Every 10 years</td>
<td>Every 10 years</td>
</tr>
<tr>
<td>Eye and ear exams</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skin exam</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental exam</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Immunizations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flu vaccine</td>
<td>Yearly</td>
<td>Yearly</td>
</tr>
<tr>
<td>Pneumonia vaccine</td>
<td>N/A</td>
<td>One time only</td>
</tr>
<tr>
<td>Tetanus-diphtheria booster</td>
<td>Every 10 years</td>
<td>Every 10 years</td>
</tr>
</tbody>
</table>

* Adapted from information from the U.S. Department of Health and Human Services.

** Recommended frequency
The cost of health care

It’s no wonder that people of retirement age are concerned about health care costs. They rise annually, and people generally need more medical services as they age.

If you retire before you’re eligible for Medicare, you probably have to foot the entire cost of health insurance until you’re 65 (unless you’re covered under your working spouse’s policy or your former employer continues your coverage). That can amount to a tidy sum annually.

If you are entitled to Medicare coverage when you retire, you get somewhat of a break, financially. Medicare provides quite a bit of hospital coverage with Part A. But you do have to pay something (albeit less than with individual insurance) for Part B (which covers physicians’ services), Part D (which covers prescription drug services), and Medigap insurance, which fills in what other medicare insurances do not pay.

Many preventative health screenings and other health maintenance measures are free, or low-cost, when you are covered by Medicare and a supplement. Your actual cost will vary according to which supplemental plan you choose. Medicare covers some of these services on an annual basis, some less frequently.

- One-time “Welcome to Medicare” physical (available since 2005) in the first six months you have Part B of Medicare
- Cardiovascular screenings
- Flu shots
- Pneumonia shot
- Hepatitis B shots for those at risk
- Mammograms
- Pap smear and pelvic exam
- Colorectal cancer screening
- Bone density scan
- Diabetes screening and monitoring
- Prostate cancer screening
- Glaucoma tests

(Medicare Advantage plans may offer additional preventative services.)

Outpatient Mental Health Services. Individual and group therapy, occupational therapy, substance abuse treatment, laboratory tests, prescription drugs that you cannot administer yourself (such as injections that a doctor must give you), and medications covered by the new Medicare drug benefit (starting in January 2006) are just some of the outpatient mental health services Medicare covers.

As long as the mental health professional is Medicare-certified, these services can be received in an outpatient hospital program, a doctor’s or therapist’s office, or a clinic.

Providers who are not medical doctors, such as psychologists and certified social workers, who accept Medicare must take “assignment,” which means they must accept Medicare’s approved amount as payment in full. Medical doctors, such as psychiatrists, do not have to take assignment; they can charge you up to 15% above the approved amount, depending on state law.

(See Chapter 2, “Gathering the Financial Facts,” for more Medicare information.)
Family responsibilities

When you’re responsible for caregiving

It’s estimated that more than 54 million people in the United States provide informal, unpaid assistance to ailing family members and friends. You might be one of them. Even if you aren’t now, you could be some time in the future. As much as you might want to be there for a loved one, never underestimate the toll caregiving can take on a person’s physical, psychological, or financial well-being.

Emotions of sadness, anger, grief, guilt, pain, regrets, fright, love and resentment are all mixed together in differing percentages depending on the day, the hour, or the situation.

And if you aren’t careful, you can sacrifice your own health and well-being. Depression, insomnia, back pain, headaches, stomach disorders and the flu are some common ailments that affect caregivers. And no one knows how many households are damaged by one party’s resentment when the other spends too much time caring for or overseeing the care of an elderly parent or relative.

Then there are the financial concerns. Will you be able to keep the person at home rather than in an assisted living facility or a nursing home? Will you be jeopardizing your own financial future if you have to sustain prolonged expenses on behalf of your loved one? Will you be forced to retire earlier than you had planned because of the additional responsibility — and how might retiring early reduce what you had hoped to accumulate in retirement accounts and what you receive in Social Security benefits?

All of these are real concerns with no “right” answers, just personal decisions based on your feelings, your finances, the availability of additional support, and your other responsibilities.

Even though there might be real psychological rewards or comfort in caregiving, it can be exhausting. Perhaps the most important advice that caregiving organizations dispense to people in this position is to not forget about your own needs.

Here are a number of ways to minimize the stress that may accompany caregiving.

• Welcome help from others. Even if you’re not physically present all the time, ensure that a caregiver is always on call. Getting siblings, children, and friends involved can make life much easier. Many people may offer to help; take them up on it. Others may not offer, but could be asked. When you reach out for assistance, be as specific as you can be about what you need. Perhaps someone could take your mother to a doctor’s appointment, bring dinner to her twice a week, or just call and check up on her once a day. And if you are physically involved in care, find out about adult day-care centers or organizations that often provide respite relief.

• Choose health care professionals for their experience and demeanor. The way someone speaks to and works with caregivers and family members (as well as patients, of course) is critical to the quality of medical care. Once you have found trusted professionals, treasure them.

• Don’t forget about your other relationships. Caregiving draws time and attention away from other relationships and puts stress on them. Family and friends often feel cheated by the caregiver’s absence and exhaustion. So you need to talk to them about any possible resentment they might have and about your need for their understanding of the emotional and physical stress you’re under. If you can’t resolve the conflict, a counselor, psychologist or spiritual advisor may be able to help.

• Join a support group. Whether you do this online or in person, just knowing there are other people also struggling with this painful, draining, and emotional experience is strengthening and healing.

• Take a break from guilt. Make a list of the things you’re doing for your ailing loved one and a list of what you’re doing for yourself. Once you see the comparison on paper, chances are any guilt you have over taking time for yourself will disappear. Also, focus on what you’re doing now and will do in the future. Don’t anguish over what should have been done before.

• Take a break, period. Burnout is common among caregivers. To prevent it, you must nurture your mental and physical health. That means anything from sweating out your stress through exercise, to spending a relaxing evening dining out, to blocking out hours or days to do nothing but take care of yourself. And don’t forget about vacations.
Everyone enters the age of retirement with his or her own realities, but three of the most common — the financial challenge, the spousal challenge, and the “stuck-in-a-rut” challenge — are roadblocks that can be sidestepped.

The financial challenge
Let’s assume that after you do a cash-flow projection you discover that your expenditures might exceed your projected income if you were to stop working completely. The challenge is to figure out what to do about the imbalance.

When you’re talking about financial options, rest assured that there are many — though only one or two might be appropriate for you.

On the earnings side
There are many reasons why people continue to work in retirement. One, of course, is to bring in more income. But that’s not the only benefit. Working retirees will tell you that they enjoy being mentally challenged, being physically active, and staying connected to colleagues. If that isn’t a plug for working in retirement, what is? Here are a few ways people have restructured their workdays to fit their new life stage.

They've developed a more flexible way of working at their regular jobs.
Suppose you'd like to cut back because you're eager to spend more time on volunteer projects, with family, or doing some of the things that excite your passions — but you also realize that you need some income from work to live as comfortably as you do now.

Can you restructure how and when you work — and still draw an income (albeit usually less) from the organization you’re now with? This is especially feasible for people who have been trusted employees or those highly skilled in a particular area.

Chapter 4
Overcoming roadblocks

When retirement shifts your relationships
Your retirement has a ripple effect on your whole family. If your spouse has been at home for a while, either retired or as the at-home adult, your retirement might signal a new and rewarding relationship, spending more time together sharing activities you both enjoy. But if the at-home partner has developed a daily routine, another adult in the house during the day could cause a bumpy transition. Three Cs — conversation, compromise, and creativity — may be called on to find the solutions that pave the way for a new relationship. (More about this in Chapter 4, “Overcoming Roadblocks.”)

Adult children frequently are affected by their parents’ retirement as well.

• They may worry about whether they’ll be seeing too little of you (especially if you move away from them) or whether they’ll be seeing you too much (if you’re the type to drop by frequently whenever you have some time).

• They may worry about your finances — whether you will have enough to live comfortably or whether they’ll be asked to assume some financial responsibility for you at a later date.

• They may worry about their own finances — whether they can still count on your financial support for their children’s college expenses or for a down payment on a home.

• They may assume that you’ll babysit any time they need you now that you have more available time, while you may have a different vision of your family responsibilities.

Discussion with children about financial issues, medical conditions, places to live or plans for these years can be uncomfortable. But such conversations are often harder in anticipation than in reality, especially if you have a generally good relationship with your adult child. The talks are worth the effort, because they allow adult children to see how you view the future, and what part you hope they will play in it.
If you are considering the restructuring concept, ask yourself these questions:

- Can you pare down your responsibilities to the few you really enjoy and are good at? If so, you might be able to carve out a part-time, high-level position for yourself.
- Can you take on responsibilities that can be accomplished by telecommuting? That would allow you to set your own hours (and pick up a few extra ones in the form of saved travel time).
- Can you work on a reduced work schedule as a trainer or mentor for younger employees so that the skills you possess don’t walk out the door when you retire? Some major corporations have formal “phased retirement” programs that encourage older employees to transition out of the workforce slowly so that they can train younger employees, but you could create an informal program of your own.
- If your company uses retirees as part of its workforce during peak or extraordinary periods, would you consider becoming part of the temporary workforce? (For example, insurance companies often use retirees to process additional claims that come in after a natural disaster because retirees can step in without additional training.)

They’ve delayed their retirement.

It’s amazing what postponing full retirement can do for your financial situation. Consider how the principal and income on your retirement investments might increase if you didn’t start drawing on them immediately.

And if you don’t need your monthly Social Security, consider not taking the benefit right away. That’s because your monthly Social Security check will increase for each month you delay receiving it past age 62. (Benefits do not increase for delays after 70.) Check your annual Social Security Statement to get an estimate of how much more you’d get monthly if you postponed taking Social Security for a few more years.

They’re working, part- or full-time, in a new field that excites them.

Consider spreading the word that you’re interested in doing something different from what you’ve done before. If history is your passion, perhaps you could do research for an author who’s writing a historical novel. If tennis is your game, you might contact the U.S. Tennis Association to find out how to become an accredited tournament umpire. If you’re fluent in another language and would love to use it more, maybe you could be a tour guide for foreign guests coming to your city. Although “dream jobs” are usually less lucrative than your present position, they can make up for the financial shortfall that would occur if you stopped working entirely. And there are a slew of psychological fringe benefits, especially if you’re tapping unused skills, working in a great climate, and being appreciated and surrounded by people you like.

Get your résumé right. Focus on the last 10 years, perhaps collapsing the rest of your career into a short paragraph titled “Additional Experience.” Try not to emphasize any experience unrelated to the type of job you’re looking for.

Consider creating a short paragraph to put at the top of your résumé or in the cover letter that highlights your most impressive and relevant qualifications.

Selling yourself (when you’ve had no direct experience working in a field)

Adopt the “you-never-know-who-knows-who” approach. Talk up what you’re eager to do with your friends, colleagues, family, co-workers, old classmates and neighbors. Most people find jobs through contacts, not ads — so share your idea of a dream job with everyone you know.

Interview with enthusiasm. Chances are you’ll be interviewed by someone younger than you, so you need to emphasize your energy and enthusiasm. If you’re physically active, slip that into the course of your conversation. For example, “During my four-mile run, I realized that I wanted to share my lifelong love of boating with others, and what better way to do that than by working in boat sales?”
They’ve started a micro-business.

The idea of a micro-business is not to become a tycoon. It’s to run a small, enjoyable, part-time, often home-based business that doesn’t take over your life, but does supplement your income. A micro-business can be based on a hobby, such as selling the Shaker-type boxes you’ve enjoyed making for friends over the years. Or you can cash in on a skill that you’ve developed during your years in human resources, such as advising people on how to set up résumés, or becoming a wardrobe consultant if you’ve been in retail sales. (If you and your spouse decide to become working partners in a micro-business, be certain to delineate your roles to avoid conflict.)

They do executive temping.

Employers are often delighted to hire retirees via the temp route because they’re experienced and want to work. (And the employers don’t have to worry about health or other costly benefits.) For you, the nice thing about temping as a professional, manager or executive is that you have a lot of control over how much and when you work and what assignments you take on. There are two main types of firms that place professionals on a temporary basis — the giant ones with specialized divisions that recruit professionals and the niche services that match projects with retired professionals, such as accountants, lawyers or executive directors.

Tip: Certificates can create bridges to new careers

Certificate programs are available in hundreds of universities, community colleges, and career schools around the country. They provide intense training in everything from conflict and dispute resolution, to crime-scene analysis, to web design, to child-care management, to personal and life coaching. They require fewer courses than an associate’s degree and can often be completed in 18 months or less.

Bolstering your income stream

Another way to get your income and expenses in line is to examine your investments again. Your Wells Fargo Advisors Financial Advisor can help you with a number of options regarding your investment income.

Consider buying an annuity. In an annuity contract, you give the issuing insurance company a lump sum of cash. In return, you receive regular income for a specific period or until you die. The size of the monthly payments, how long you get them, and whether your spouse or heirs collect from the annuity after your death all depend on what kind of policy you choose. (Keep in mind that extending payouts through the life of a second person generally reduces the amount of the periodic payment.)

It’s important to discuss with your Wells Fargo Advisors Financial Advisor whether an annuity would be right for you.

Change your asset allocation. Asset allocation between stocks and income-producing investments is a balancing act. But if income is an issue, a greater percentage of your assets will probably have to go into investments that emphasize dividends and interest earnings, such as bonds, convertible bonds, government securities, Certificates of Deposit, REITs (real estate investment trusts, which are traded on the stock exchange and usually pay dividends), or stocks with a history of substantial or rising dividends. It’s generally not wise to shift all of your portfolio into income-producing investments, however, particularly if you’re in the early years of retirement. You may want and need to allow for some growth potential in your principal, since you may expect to live many more years.*

*Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. Dividends are not guaranteed and are subject to change or elimination. There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.

Set a realistic withdrawal rate from your investment funds. Sixty years ago one might never have guessed that longevity would be considered a risk. But now, with the field of medicine making enormous advances, you need to plan for the possibility that you may live longer than you think. And while we’ve been aware of increasing life expectancies for a couple of decades, many people were lulled into a false sense of financial security by the high equity returns realized in the 1980s and ’90s. Assuming that the bull market would continue indefinitely, some people believed they could look forward to drawing 7%, 8% or more out of their portfolios each year — because rising stock prices would keep the total value virtually unchanged or even continually growing.

That hasn’t happened, of course. Markets fluctuate, and many people who started their retirement withdrawals at high rates have been severely hurt by market corrections. That’s why it’s important to err on the side of caution when establishing a withdrawal rate on your investments.
Withdrawal rates and your retirement  
The level of income your investments need to generate often determines whether you can maintain your standard of living over a period of time. Traditionally, the more income you require from your portfolio, the less likely you are to meet your long-term goals. Based on a 30-year retirement horizon (and using historical returns), the chart below illustrates the percent chance of success that certain allocations can meet specific retirement needs. The withdrawal rate is the percentage of the portfolio withdrawn during the first year with that amount inflated by 3% each year going forward. Please see the disclosure below for important information regarding this chart.

30-year retirement horizon  

<table>
<thead>
<tr>
<th>Withdrawal Rate</th>
<th>100/0</th>
<th>75/25</th>
<th>50/50</th>
<th>25/75</th>
<th>0/100</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>93</td>
<td>96</td>
<td>98</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>4%</td>
<td>81</td>
<td>87</td>
<td>91</td>
<td>91</td>
<td>79</td>
</tr>
<tr>
<td>5%</td>
<td>66</td>
<td>67</td>
<td>66</td>
<td>57</td>
<td>32</td>
</tr>
<tr>
<td>6%</td>
<td>51</td>
<td>49</td>
<td>41</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>7%</td>
<td>38</td>
<td>33</td>
<td>21</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>8%</td>
<td>27</td>
<td>22</td>
<td>9</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

More likely | Less likely

Important: The projections or other information generated by Envision regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. Envision’s simulation model incorporates assumptions about inflation, financial market returns and the relationships between these variables based on an analysis of historical data. Using Monte Carlo simulation and data provided by the Center for Research in Securities Pricing, Envision simulates thousands of potential outcomes over a lifetime of investing. The varying historical risk, return, and correlation between the assets is based on indices over several market cycles. If the indices do not provide enough historical data to gauge asset-class performance, we may use the data of related asset classes.

Securities are grouped in classes based on shared characteristics, such as maturity for bonds and size of the corporation for stocks. The mix of classes best suited for an investor will depend on his or her individual investment goals and tolerance for risk. It is generally understood that as an investor takes more risk, he or she can see a higher rate of return over time.

The Representative indices displayed in the table below are indicative of the data used in these calculations. Representative indices are intended to demonstrate publicly available benchmarks to help investors understand the nature of the securities within each asset class. The primary data used in calculating performance statistics is provided by the Center for Research in Securities Pricing (CRSP®), Center for Research in Securities Pricing, The University of Chicago. Used with Permission. All rights reserved. crsp.uchicago.edu | Each CRSP benchmark index has at least 40 years of performance history. In addition, our analysis of historical returns was adjusted to account for the effects of inflation.

### Capital Market Assumptions

Capital Market Assumptions (CMAs) are based on CRSP data from 1926 for equity classes (Large, Mid and Small Cap) and Treasury Bill 3 Month Yield. For Fund Income classes, CRSP data is available beginning in 1941.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Average Annual Return*</th>
<th>Downside Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap Blend (S&amp;P 500)</td>
<td>8.98%</td>
<td>-17.66%</td>
</tr>
<tr>
<td>Intermediate Taxable Fixed Income</td>
<td>5.22%</td>
<td>-4.86%</td>
</tr>
</tbody>
</table>

* The average annual return is time-weighted. It is a measure of the compound rate of growth of the asset class. Past performance is no guarantee of future results. Investors cannot directly invest in an index.

Equity investments refer to buying stocks of United States companies. The market capitalization of companies is used to group large, medium (Mid) and small companies. The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. The market capitalization of companies is used to group large, medium (Mid), and small companies. Shareholders share in both the upside potential and the downside risk.

Bonds are promissory notes of a United States corporation or federal government entity (taxable bonds) or a state or local government entity (tax-exempt or municipal bonds). Bonds usually make a series of interest payments followed by a return of principal at maturity. If sold prior to maturity, the price that can be obtained for a bond may be more or less than face value, depending on interest rates at the time the bond is sold and the remaining term of the bond. Short-term bonds have maturities ranging from one to six years; intermediate bonds have effective maturities between seven and twelve years; and long-term bonds have maturities of twelve years or longer.

Although a portfolio weighted more heavily toward equities appears to result in a higher percentage chance of success, traditionally, the more you invest in equities, the greater potential for market losses. You may want to answer these key questions about your financial strategy:

- What level of risk are you willing to accept in your portfolio?
- What percent chance of success gives you a reasonable comfort level?
- How long will you need your income to last for retirement?

The answers to these questions may help guide you to an appropriate allocation given your unique investment profile. Other factors can also have a significant impact on your probability of meeting income needs, including current and future savings and adjustments to your income needs.

### Adjust pension benefits

If you have a defined-benefit plan, you might have the option of taking your benefit all at once in a lump-sum payment. If you’re uncertain about the company’s ability to sustain funding for defined-benefit pensions — or just want more control over the money — it might make sense to roll the assets into an IRA and then invest them to generate income.

If you decide not to take a lump-sum payout, you need to decide how long to extend the monthly payouts. Married retirees automatically receive a “joint and survivor” annuity that extends benefits through both spouses’ lifetimes. If you need more income now, you may be able to opt for a higher monthly payout, one that lasts only through the retiree’s lifetime. That is possible only if both spouses agree to it in writing. Since women generally live longer than men, a wife who retires first may opt for payouts that only cover her.
**Consider a charitable remainder trust.** Say you have a piece of land or a stock portfolio that has appreciated enormously but pays little or no interest income. If you sell it, capital-gains taxes could take a large bite out of your profits.

A charitable remainder trust (“CRT”) lets you make a substantial charitable gift now, while retaining a defined income stream from the assets you donate. The CRT is primarily a charitable giving strategy, with an added benefit – it allows you to sell appreciated assets in the trust without incurring immediate capital gains tax.

Take advantage of your Financial Advisor’s experience in the investment business. He or she will work with you in designing a strategy that seeks to bolster your income stream and helps to protect and grow assets.

**Renting**

1. The annual cost to rent an apartment or house that you’d like to live in $__________
2. The cost of tenant’s insurance $__________
3. Other expenses (possibly utilities, some repairs or improvements) $__________

**Total costs**

$__________

The annual amount you think you could earn from investing the profits from the sale of your home $__________

**Total income**

$__________

How does the income compare to the expense?

_________________________________________________________________

**Bringing down housing costs**

At this new stage of life, it’s also a good time to take a fresh look at where and how you’re living. The home you live in today may have appreciated in value. You could sell it, but if you sell it, where would you live that would be less expensive?

If you decide to bring expenses down by changing homes or using the equity in your home, you have a number of choices.

**Downsizing within the community or in a nearby town.** Maybe you’re tired of dealing with the constant and expensive repairs of a big house or have started hiring others to do the labor-intensive chores you used to enjoy but no longer want to do or no longer can, such as mowing the lawn, cleaning gutters, or fixing leaky faucets.

One way of downsizing is to buy a condo or co-op, perhaps smaller than the house you are now living in (but not always), which could be in a development for active retired adults ... or not. Many condo developments are quite luxurious. Generally you’ll pay a monthly fee, which covers groundskeeping and maintenance and repairs to common spaces. Many condos or co-ops are close enough to the city or town (or public transportation) so that you won’t need two cars and might not even need one, because you can walk (adding health to the benefits) to most services and entertainment.

**The pluses of condos and co-ops.** Camaraderie abounds, with neighbors down the hall or a few steps away in a nearby townhouse. Because you spend less time tending to household chores, you have more time to engage in activities you enjoy. Your monthly maintenance costs might be less than when you owned a private home. And you may have a substantial chunk of money from your housing profits to reinvest for income.

**The minuses.** You have certain restrictions on what you can do and when, such as not being able to hang pictures with a power drill on weekends before 10 a.m. You won’t have a large basement or rambling attic for storage. And when you open the front door, you might be in a hallway instead of outside.

**Own or rent?**

People who have owned a home for a long time often overlook the possibility of renting because they don’t think it has the same benefits as owning. Even so, before you decide, do a cash-flow analysis of both renting and buying. (Neither analysis takes into consideration the appreciation or depreciation of investments or homes.)

**Renting**

1. The annual cost to rent an apartment or house that you’d like to live in $__________
2. The cost of tenant’s insurance $__________
3. Other expenses (possibly utilities, some repairs or improvements) $__________

**Total costs**

$__________

The annual amount you think you could earn from investing the profits from the sale of your home $__________

**Total income**

$__________

How does the income compare to the expense?

_________________________________________________________________
Moving to a less expensive area or part of the country. Some people have planned where they’re going to be spending this next stage of life because they’ve already bought a second or vacation home in the area. Others know that they want or need a different climate from the one they’re living in now, so they have focused on areas where the weather is more suitable for them. Still others want to be closer to relatives, particularly children and grandchildren. In many of these instances, housing costs in the places they’re considering moving to will be less expensive, and they’ll be able to readjust the balance of expenses and income easily.

Before making a move, though, it’s always wise to investigate the area you’re considering. Check out crime rates, health care facilities, taxes, the weather, the availability of public transportation, and community and cultural activities. Keep in mind that, as important as it is to keep a firm grip on finances, it is equally important to feel comfortable in your surroundings.

Bringing down expenses

And now for the other side of the ledger: how to cut expenses without cutting back on your enjoyment in this stage of life.

Take advantage of age. There are so many discounts available to seniors that it’s impossible to list them here. (See Chapter 6, “More Help,” for some.) Many are national, such as those offered by hotel, restaurant, movie theater or pharmacy chains; others are from neighborhood establishments that want to lure or keep your business. But unless you make yourself known as a senior or a member of AARP, they may not be forthcoming. So speak up, because these are discounts you’re entitled to.

Make painless cuts. When income was not an issue, these savings ideas might not have been considered. But now that you may have to be more careful about expenditures, here are a few tips that might be useful to think about again.

Rent your place while you travel. Send an e-mail to your holiday-card list, business colleagues, friends, and members of professional or religious organizations or alumni associations that you belong to. Let them know that your place is available for rent while you’re on an extended vacation. (If you live in a condo or rent, you’ll need to check the rules surrounding renting, since some places have restrictions. Also ask your tax advisor about the income you receive; it may have tax consequences.) An alternative to renting is swapping homes. This works
It’s not unusual for spouses or partners to have very different ideas about the future. Nor is it surprising that the differences might lead to some stress — even conflict or a tug-of-war. And, according to studies, these disagreements are heightened when one spouse is retired and the other continues working in his or her chosen field — especially when there’s a role-reversal and the wife is working while the husband is at home. Deciding how, where and what to do during this “age of retirement” means accommodating and making room for both partners’ dreams, rather than falling back on the choice of “yours” or “mine.” For couples who want to make this a rich time of life, the plans agreed upon need to be collaborative rather than confrontational.

This life transition presents a great opportunity to draw on the “couple skills” you’ve developed in your years together. Among the skills that work for most couples …

• **Making individual lists of dreams.** Keep notebooks and jot down the things you’d like to do, people you want to be near, causes you care about, classes you might like to attend, places you’ve always wanted to visit, and feelings about what this time in your life means to you. Then set an appropriate time to discuss your lists, perhaps on your anniversary, New Year’s Eve, or a special weekend devoted to this subject. You’ll probably find that some of your dreams are purely personal. But you may find that many of them will overlap or can easily be dovetailed.

• **Giving careful consideration to each other’s point of view.** It’s easy to say things like, “Why would you want to live in the desert? It’s stifling hot.” But that doesn’t deal with the issue and it just hardens your partner’s resolve to “win” the disagreement.

• **Focusing on the big picture, not the specifics.** Suppose your partner is pushing to join the Peace Corps because it was something he or she missed out on early in life. It may not be the Peace Corps per se that draws your spouse in this direction; it might be the concept of adventure or learning about foreign lands or giving something back to the world community. Trying to find out why the Peace Corps is so appealing to your partner is a useful way of furthering discussion. Once you learn what the draw is, you might be able to fashion an alternative that would be exciting and interesting to both of you.

• **Brainstorming.** A freewheeling discussion of wild, outrageous, fun ideas gets you out of mental ruts and sparks new ways of thinking.
When he thought about his childhood, he remembered happy times stomping through the fields on his grandfather’s farm. So they looked at property and almost bought a piece of land, until she realized that being so far from the city would make it difficult and time-consuming to get to the design and horticulture classes she was taking. So they backed away from it.

After a great deal of reflection, he narrowed his choices for the next stage of life to three options: go back into the corporate world, be a consultant, or assume a leadership role on the national board of directors for an organization he had worked with in the past.

Getting back into the corporate world would mean a greater time commitment from him than either of them wanted. Consulting would mean being available whenever a client called — which limited his ability to plan for free time. Neither seemed right for the lifestyle the couple wanted. He wouldn't have considered the volunteer board leadership because of its travel and time commitment, but his wife knew that he wanted to make a major contribution to society, so she urged him to rethink this, agreeing to accompany him on some of the many trips he would have to take if he assumed this position.

Finally, the husband decided that if he could convince the person in line for the vice presidency of the board to become a co-president, he would accept the challenge. He was able to do that. His wife got involved in a small creative landscaping and property development business with two partners who covered for her when she was away or wanted to take time off. Despite their individual commitments, this husband and wife were able to block out plenty of time for themselves and their family — and they now view these as some of their happiest years.

The "stuck-in-a-rut" challenge

I know I don’t want to be like my father, retiring and living out a meaningless life. But I don’t know how I’d be different.

Your retirement will probably not look like your parents’ retirement. But that doesn’t mean you have to reinvent retirement entirely, or that you're on your own when it comes to this new stage. Others can be of tremendous help if you tap into them.

Identify your retirement role models. People are always able to see further when they stand on someone else’s shoulders, so why not take advantage of the lessons...
and successes of older people to help you navigate life in this new stage?

Take a moment to list the people you think of as role models in their retirement. They may be public figures (like Jimmy and Rosalynn Carter or Colin Powell) or people much closer to home (like a parent or an older friend or neighbor).

Keep in mind that these people don’t have to be just like you or be people whose footsteps you’d like to follow in. They are just people who are living the next stage of life courageously, creatively or comfortably — who see retirement as a launching pad rather than a time to collapse into oblivion or depression.


And what are they doing that you think you’d like to do? Spending more time with family? Getting deeply committed to community projects or a certain cause? Acting as mentors to younger generations? Revitalizing their interest in their jobs or hobbies? Staying physically active? Stretching their minds by going back to school? Having new adventures or getting more involved with current or new friends? Working in a more creative fashion than they have in the past?

<table>
<thead>
<tr>
<th>Role model</th>
<th>Appealing personal qualities</th>
<th>Appealing activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Once you’ve identified your role models, consider talking to them about what fears they may have had when they reached retirement age and how they handled them. Seek their advice on issues that you face. It’s unlikely that you will annoy them, because most people will be flattered to be thought of as a role model for the next generation. (Keep in mind that one day you may become someone’s retirement role model!)

Don’t forget about your anti-role models either. They can help keep you from going to the wrong places. Who is it that you don’t want to emulate, and why?

Find out what your contemporaries are thinking about. Keep your ears open for new opportunities and ply people with questions. You never know what friends, or friends of friends, might be thinking of or know that would appeal to you. You might decide to volunteer for a particular cause after hearing about a friend’s experience working with a specific organization. Someone’s description of a spectacular trip to Antarctica might be the genesis of your own adventure. Or you might be prompted to think about living abroad after hearing one of your brother’s friends talk about his retirement home in Mexico. Or the idea for a micro-business helping the frail elderly to move might be sparked after listening to your friend’s uncle describe how difficult it was for him to move from his home in to an assisted living facility.

Take advantage of your Financial Advisor’s experience and knowledge.

Once you’ve talked with your Financial Advisor about your goals for this next stage of life, he or she can help you pursue them. Count on him or her to …

• Help you break down the big goals into more attainable, smaller goals.
• Suggest ways of managing debt.
• Provide ways to help preserve your principal and generate income.
• Act as your personal finance coach to raise your level of involvement and confidence.
• Provide useful options for sudden gain (inheritance, substantial profit from the sale of a home, unexpected financial windfall) or sudden loss (market downturn, unexpected loss of job).
• Narrow a list of investment options down to the ones most suited to your particular situation, so you don’t feel overwhelmed by choices.
• Provide tools to monitor your investments more easily.
• Help you develop an investment plan that implements strategies based on your decisions.
• Spur your thinking on ways to make this a rewarding time of life.
**Chapter 5**

**Transitioning into retirement**

As you count down to the retirement you’d like to have, consider what needs to be done to prepare for it. Here’s a step-by-step approach.

**Step 1: Get essential documents in order**

Here are three “just in case” documents that you hope will never be used — even though they’re vital to have. Each requires you to think through a number of “what if?” questions — the kinds of questions it’s often easier for an advisor to ask you than for you to ask yourself. For all three, it’s important to name a secondary designee in the event the primary designee isn’t able to act as your surrogate.

**A living will.** This directs health care providers on how to proceed if you’re incapacitated and unable to make your own medical decisions. Do you want to withhold or withdraw life-prolonging procedures? You can name specific measures that may or may not be taken. For example, would you want to be placed on a respirator if you were terminally ill? Would you want to have a feeding tube inserted if you could no longer swallow?

Keep in mind that even when you have a living will, that’s no guarantee that your wishes will be carried out. If you have strong feelings about this issue, you need to make certain the person you designate as your health care proxy knows of the existence of this document, agrees to carry out your wishes, and would be vigilant about making sure doctors and hospitals carry out your directives.

**A health care proxy or health care power of attorney.** This authorizes someone you trust to make health care decisions for you if you are incapacitated. This is often used in tandem with a living will by the person you entrust as surrogate.

**For safety’s sake**

- Give your doctors and health care designees copies of your health care directives.
- Give your attorney and your designees copies of your durable power of attorney. Let everyone know where the originals are.
- Carry a card in your wallet which indicates that you have a living will and health care proxy — along with the names and phone numbers of the people you’ve designated as decision-makers.
- Put an ICE (In Case of Emergency) phone number in your cell phone’s memory. (Maintain a written list as well in an address book.) If you are unable to give emergency personnel the emergency contact’s name, they will check your cell phone and your address book.

Wells Fargo Advisors is not a legal or tax advisor. However, its Financial Advisors will be glad to work with you, your accountant, tax advisor and or lawyer to help you meet your financial goals.

**A durable power of attorney.** This power authorizes whoever you appoint — your spouse, a child or other family member, or a close friend — to act for you in a wide range of financial matters, including paying bills, filing tax forms, buying and selling property and handling investments. It becomes effective as soon as it’s signed, remains in effect if you become incapacitated, and continues in effect until you die (unless you revoke the authority you’ve granted before you become incapacitated). Obviously, you need to name someone you trust completely, because you don’t want anyone abusing this power, either when you’re well and able to handle all your affairs yourself or afterwards.

The alternative to a durable power of attorney is a “springing” power of attorney, which goes into effect only if you become mentally incapacitated. But that becomes complicated because your designee has to wait for a doctor or other medical professional to certify incapacity. Since it’s difficult to pinpoint the moment of incapacity, it opens the door to possible litigation by someone who wants to challenge the assessment and its timing.

Wells Fargo Advisors is not a legal or tax advisor. However, its Financial Advisors will be glad to work with you, your accountant, tax advisor and or lawyer to help you meet your financial goals.
What if you already own a policy and realize it isn’t as comprehensive as you’d like? Talk to your Financial Advisor, who will assist you in deciding whether to look for a replacement that would provide wider coverage, but which also might cost more because you’re older or because you might now have health problems that would make it very expensive or difficult to qualify for coverage. If you do decide to upgrade your coverage, your Financial Advisor will counsel you on the process, such as advising you not to cancel your present policy until you’re approved for and agree to the terms of the new policy.

Step 4: Update your beneficiary designations

Even if the beneficiary designations on your will, IRAs, and other accounts remain the same, they may need to be updated — to reflect your daughter’s married name, for example, if she’s changed her last name to her husband’s.

Do you still need life insurance?

You may, if ...

• you have a spouse or dependent child who would need substantial support if you died
• you don’t think there will be much of an inheritance for your children and you’d like to create one
• you would like to name as beneficiary a charity or a person, such as a stepchild, who might not be in your will
• you have a substantial estate that you’d like to leave intact for beneficiaries and you’d like to relieve them of the tax burden

Insurance products are offered through non-bank insurance agency affiliates of Wells Fargo & Company and are underwritten by unaffiliated insurance companies. Wells Fargo Advisors, LLC, is a separate non-bank affiliate of Wells Fargo & Company.
Step 5: Establish a cash reserve fund

Chances are you’ve always had an “emergency fund.” But if you haven’t, you’ll need to set one up now. You never know when you will be hit with an unexpected large expense or health problem that you’ll need money for, and you don’t want to be forced to sell investments if the market is down when that occurs. One way of establishing this fund is to have dividends, interest, a pension or paycheck directly deposited to your money market account or savings account.

Tip: Address your pension. Don’t lose pension distributions because you can’t be found. Notify each of your past employers of your current address and, if you move after you retire, do it again. If you can’t locate the company, use the pension-search service of Pension Benefit Guaranty Corp. (PBGC). (See Chapter 6, “More Help.”).

Step 6: Sort, save and dump

If you’re like most people, you’ve accumulated mountains of unnecessary paper, such as blurred photos, newspaper clippings, memorabilia and more, with the thought that “someday” you’ll go through everything and sort it out. Now’s the time.

Filing systems that have gotten out of hand (or weren’t so great to begin with) need to be overhauled. The key to organizing important papers is to have them where you can easily reach and identify them.

In your zeal to get rid of junk, don’t toss out papers you might need later. In case you’re audited, for example, you will need to have backup for your tax returns — copies of W-2 forms, receipts for charitable donations, a record of other deductible expenses. So hang onto those documents for six years, even though the standard statute of limitations for audits is three years. If the IRS suspects that you underreported your income by more than 25%, it can audit you up to six years after you file. (If fraud is involved or if you fail to file, there’s no statute of limitations.)

Once you’ve de-cluttered, make sure you don’t re-clutter. Sort incoming mail as you open it, and strip bills of their sales pitches. (Remember to shred all confidential paperwork, especially any that could enable anyone to steal your identity.)

Step 7: Simplify your financial record-keeping

Unless you’re fascinated by the moment-to-moment movement of the financial markets, you won’t want to spend the better part of each day working on your finances. But you want to have control over them and want to know how your assets are faring. Consolidating your accounts so that they’re all under the Wells Fargo Advisors umbrella has many advantages.

• You receive one statement a month.
• You see total accumulations and asset allocation at-a-glance.
• Interest, dividends, tax refunds, pension assets and paychecks can automatically be deposited into your consolidated account’s money-market fund.
• You can set up automatic withdrawals from your retirement accounts or investment portfolio.

There will come a day when your heirs will be grateful that your assets are easy to find and carefully enumerated.

No problem

As soon as your Financial Advisor knows of your desire to consolidate, he or she will have you sign forms authorizing the transfer of your other accounts. Your Financial Advisor will then handle the rest of the transaction. The process is designed to be easy and seamless.
Step 8: Review your estate plan

A good moment to rethink what you’d like to accomplish when you leave money or property to heirs is when you’re on the cusp of retirement. Do you want your estate to provide security for a surviving spouse or partner? Do you intend to leave a legacy to your children, stepchildren, other family members or friends? Do you want to provide money for your grandchildren’s education? Is there a reason to treat heirs equitably, but not necessarily equally? Would you want to leave a portion of your estate to a charity or non-profit organization? In essence, does your present estate plan still reflect your goals?

Review your entire estate with your estate attorney. You’ll probably start with your will. But estate plans aren’t just wills. They are made of trusts, insurance, (joint) bank accounts, property, and your personal belongings. How assets are titled is another important aspect of an estate plan.

If it’s difficult to tackle your estate plan because it feels like a prelude to death, reframe the issue. Think of putting your estate “in order” as an act of caring for loved ones, so that they aren’t saddled with excessive legal fees, the hunt for documents, or bitterness — either with you or others — in the future. And if there’s something in your estate plan that’s unusual, discuss it with your heirs so that they are not left wondering why you did what you did — especially if you do something that affects their inheritance. Talking about your plans with them is a gift, one that you can only give while you’re alive.

If you have children, consider adding an “ethical will” to your legal will. This is often described as a love letter to them. It might try to sum up what you’ve learned in life. It might share some sort of personal history, perhaps an anecdote that helps illustrate a value that you cherish. It might try to guide them as they move through their own lives. Here, for example, is what Arthur Ashe, the tennis great who died in his 40s, wrote to his daughter in his book Days of Grace: “I’m sorry I might not be there for you as you grow up, but when you feel sick at heart and weary of life, or when you stumble and fall and don’t know if you can get up again, think of me. I’ll be watching and smiling and cheering you on.”

Step 9: Rehearse retirement

Before setting up the action plan that you’ll find on the next few pages, consider what preliminary steps you might take to lay the groundwork for the next stage of life. When you “practice” a dream, you get a feel for whether your ideas are really feasible and important to you.

Among the ways to test, rehearse, or be a retiree-in-training without actually moving into the stage:

- Take longer vacations, filling your days with golf, travel or any leisure activities that you’re hoping to engage in extensively during this next stage.
- Check out various volunteer opportunities or causes you think you might be interested in.
- Spend more time with friends and family than you have in the past.
- Rent out your present home and rent a home in a community you might want to move to.
- For six months, live off the budget you set for yourself for the next stage of life.
- Begin a “fantasy vacation” file. Clip articles and collect friends’ suggestions for destinations or experiences you think you might like.
- Set up a home office for yourself if you don’t have one already.
- Start an exercise program.
- Show your employer how a working sabbatical would directly benefit your organization or company (such as traveling throughout Asia to evaluate the market potential there for your company’s product).
- Check out the availability of grants or fellowships from not-for-profit organizations that would allow you to do volunteer work in another part of the country or world for three to six months.
- Get serious about pursuing a special interest that you’ve always had, such as learning to play the guitar or becoming a master baker.
- Begin planning and researching a part-time business.
- Take courses toward the degree or certification program that you’re interested in.
- Speak to people in organizations or businesses that you might be interested in working for one day on a full-time, part-time, or temporary basis, to see if they would consider the arrangement.
Step 10: Envision your time

It’s a fun and useful activity to think about how you are going to spend your days, your weeks, and your months in this next stage of life.

What would your perfect month look like? Fill in the “If I Had My Druthers” calendar on the next page to map out your ideal month, dividing the days and weeks up in a way that would be most enjoyable for you. Below is a sample of how one person wanted to divide his time between work (consulting), his hobby (a postcard collection), fitness (going to the gym), golf (his leisure activity), and socializing (spending more time with his spouse, family and friends). No ideal month works out exactly as planned, of course, but it’s something to aspire to.

Joe’s “If I had my druthers” calendar

<table>
<thead>
<tr>
<th>Week 1</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Day</td>
<td>Relax</td>
<td>Gym</td>
<td>Golf</td>
<td>Gym/Consulting</td>
<td>Spouse</td>
<td>Hobby</td>
</tr>
<tr>
<td>Eve</td>
<td>Theater</td>
<td>Friends</td>
<td></td>
<td>Friends</td>
<td></td>
<td>Family</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 2</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Day</td>
<td>Hobby</td>
<td>Gym/Chores</td>
<td>Golf</td>
<td>Gym/Consulting</td>
<td>Spouse</td>
<td>Movies</td>
</tr>
<tr>
<td>Eve</td>
<td>Family</td>
<td>Friends</td>
<td></td>
<td>Family</td>
<td>Friends</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 3</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Day</td>
<td>Family</td>
<td>Hobby</td>
<td>Golf</td>
<td>Gym/Consulting</td>
<td>4-day weekend with spouse</td>
<td></td>
</tr>
<tr>
<td>Eve</td>
<td>Hobby</td>
<td>Friends</td>
<td></td>
<td>Family</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Week 4</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Day</td>
<td>4-day weekend</td>
<td>Golf</td>
<td>Gym/Consulting</td>
<td>Family</td>
<td>Golf</td>
<td></td>
</tr>
<tr>
<td>Eve</td>
<td>with spouse</td>
<td>Family</td>
<td>Hobby</td>
<td>Hobby</td>
<td>Friends</td>
<td></td>
</tr>
</tbody>
</table>

Season to retire

July may be an ideal month. Normally people take vacations in summer, so retiring from your career in July could ease the psychological adjustment. The weather is good then, so being outdoors and involved in a great summer project is a picker-upper. July might also allow you to maximize retirement benefits, because benefit plans often require you to put in 1,000 hours on the job during the calendar year to be eligible for the employer’s matching contribution to a 401(k) or a traditional defined-benefit plan and July is typically when that threshold arrives.

Or you might want to wait until the end of the year. If you’re eligible for a bonus, you might miss it by retiring midyear — unless your accumulated vacation and personal time pushes your technical retirement day to the end of the year.

Since all situations differ, ask your employee benefits department to help you determine when it would be best to step down — from the point of view of company benefits. And check with your tax advisor to get an idea of the tax ramifications of different retirement times.
Step 11: Develop an action plan.

Now is the time to get an action plan down on paper. Planning helps with the transition from one stage of life to another. Our plan is designed with five components:

1. **Your retirement goals** (and whether they’ll require an expenditure or provide you with income, or both)
2. **Specific steps** needed to accomplish your goal
3. **Deadlines** (self-determined) for each of the steps (because an end date provides an impetus for action)
4. **Follow-up** needed and when (because as you uncover more information about your goals, you realize there is more you have to do to reach them)
5. **Comments** (because you’ll have reactions to the pursuit of your goal that you’ll want to record)

Once you’ve finished your action plan, post it somewhere you can see it so that you won’t forget about doing what you want to do. You might even ask your spouse or a friend to check in with you every month to help you stay the course.

### Action plan

<table>
<thead>
<tr>
<th>1st Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 1**

**Follow-up**

<table>
<thead>
<tr>
<th>2nd Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 1**

**Follow-up**

<table>
<thead>
<tr>
<th>1st Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 2**

**Step 3**

**Step 4**

**Comments:**

<table>
<thead>
<tr>
<th>2nd Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 1**

**Step 2**

**Step 3**

**Step 4**

**Comments:**

<table>
<thead>
<tr>
<th>1st Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 2**

**Step 3**

**Step 4**

**Comments:**

<table>
<thead>
<tr>
<th>1st Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
So you’re seriously thinking about retirement

<table>
<thead>
<tr>
<th>3rd Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Follow-up</td>
</tr>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4th Goal</th>
<th>Deadline</th>
<th>Cost, income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Follow-up</td>
</tr>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What your Financial Advisor can do to assist you with your action plan:

1. Consolidate your financial information and help you organize it
2. Set up an investment plan that seeks to provide you with the income you need to accomplish your goals and maintain the lifestyle you’re hoping for
3. Guide you on how much money you can withdraw from your investment principal and still be comfortable about not outliving your assets
4. Make sure the beneficiary designations on all your accounts are up-to-date
5. Track your stock options and restricted stocks
6. Guide you in reinvesting distributed pension or retirement funds that aren’t needed now
7. Work with your estate attorney and accountant to make certain everything in your investment portfolio is accounted for and titled correctly in your updated/revised estate plan
8. Meet with you regularly to review the asset allocation and the investments in your portfolio to take advantage of economic trends and realign your investments to meet any changing needs and goals

Transitioning into retirement

Follow-up
Chapter 6

More help

Each person has different needs and goals, so all retirement-investment plans are different. Your Financial Advisor’s insights can be of tremendous help to you as you develop the plan that best suits you.

Various retirement Web sites and organizations

The Social Security Administration answers many Social Security and Medicare questions: ssa.gov, or 800-772-1213

Senior Citizens’ Resources on USA.gov pulls together information on all government programs related to older Americans: Now redirects to: usa.gov/topics/seniors.html

AARP’s site touches on almost any topic of particular interest to people 50+, from legal to social to personal: aarp.org

Medicare’s phone number is 800-MEDICARE. Their Web site is: medicare.gov

Medicare Rights Center is an independent source of healthcare information with a free e-newsletter (subscribe on the Web): medicarerights.org. A telephone hotline is available through the State Health Insurance Assistance Program (SHIP) in your state: medicarerights.org/contacts/staticpages/ships.aspx

The Kaiser Family Foundation site has, among other retiree information, up-to-date information about Medicare and the drug benefit: kff.org

Additional legal and financial resources

To get IRS tax forms and publications, such as #527 for renting out a second residence, #533 for self-employment, or #575 for pension and annuity income, get in touch with the IRS: irs.gov

To find a former employer, contact the Pension Benefit Guaranty Corporation, a federally chartered agency that insures the traditional, defined-benefit pensions of private-sector employees: pbgc.gov. It may have taken over your former employer’s plan and have the money waiting for you.

For retired federal employees who want updates on legislation that applies to them: narfe.org/taxupdates

To find an accredited elder law attorney in your area, contact the National Academy of Elder Law Attorneys: naela.org

Help in starting a business

If you are thinking of starting a business or want information on financing or managing one you already have, the Small Business Administration has vast resources: sba.gov

For free e-newsletters on starting or growing a business, sales and marketing, e-business, and franchise news, subscribe to entrepreneur.com/newsletters

Health information

For information on prescription drugs: talkaboutrx.org and bemedwise.org

For deciphering “medispeak”: intelihealth.com

For medical information with many departments and services: mayoclinic.com

For comprehensive background information on diseases, medications, tests, and advice on healthy living: medicinenet.com

For e-newsletters on medical news, food, specific diseases and nutrition: webmd.com
For background information on licensed physicians in the U.S. This tool now requires membership: ama-assn.org/aps/amahg.htm (Doctor Finder link)

For quality ratings on hospitals, physicians, health plans, nursing homes, home health agencies, and hospice programs (for a fee): healthgrades.com

For discount drugs, both name-brand and generic:
http:aarp.walgreens.com/healthessentials/pharm.jsp

For complete information on a diagnostic test and its risks:
health.harvard.edu/hlg/diagnostics.shtml

For medical dictionaries, a drug reference guide, detailed information on specific medical conditions, and a link to the National Institutes of Health’s clinical trials: medlineplus.gov

For a comprehensive medical site with special information on senior health and access to selections from Harvard’s e-newsletter on health: familydoctor.org

Help with caregiving

For appropriate community assistance, especially when you’re a long-distance caregiver, use the Eldercare Locator: eldercare.gov

To help assess home care providers, call for or download the National Association for Home Care and Hospice’s booklet “How to Choose a Home Care Provider”: nahc.org

To get support, information and practical resources, contact the National Family Caregivers Association: nfca cares.org

Resources for spouses doing caregiving, including chat forums, mentors, links to friends and support groups are available through the Well Spouse Association: welspouse.org

For caregivers of people with dementia and Alzheimer’s disease, the Alzheimer’s Association has a multitude of support and educational services: alz.org

To find someone to oversee an elderly person’s home care if you can’t do it or live far away, contact the National Association of Professional Geriatric Care Managers: caremanager.org

For fact sheets on legal issues and end-of-life choices as well as caregiving articles and support groups, go to the Family Caregiver Alliance: caregiver.org

Home and moving information

For relocation information, average home prices, and clues to the local cost of living in various cities: homefair.com

For reverse mortgage information from an independent authority: reverse.org

Travel discounts and information

For last-minute air and hotel getaway packages: lastminute.com and lastminutetravel.com

For an à la carte approach to spur-of-the-moment travel that allows you to choose just an airline or just a hotel, or last-minute tickets for concerts and sporting events: lastminutetravel.com

For travel-with-learning geared to people age 50+: exploritas.org

To get a lifetime free pass (if you’re 62 or older, for a one-time fee of $10) to all federal parks, forests, refuges, and recreation areas, check in at the entrance to any national park facility. (You will need to show proof of age, such as a driver’s license or passport.)

For a list of upcoming festivals and fairs — art, music, culinary, country (and more) worldwide: festivals.com

For information about the theater, movies and sporting events for most major cities in the U.S., as well as many international ones: citysearch.com

To name your own price for a hotel or airline ticket and hope that it can be matched go to: priceline.com. (If there’s a match, you have to accept the Priceline choice, however.)

For information on obtaining or renewing a passport and what documentation is needed when traveling abroad: travel.state.gov

For up-to-date health information when considering travel abroad, such as required immunizations and health notices: state.gov/travel and cdc.gov/travel
Renting or exchanging vacation homes

For people interested in international destinations, click on the Housing Exchanges link of the Expatriates Web site: expatriates.com

For home-swappers who want to list and search for properties to stay at in the U.S. and throughout the world: Homelink International, homelink.org; Intervac, intervacus.com; and Home Exchange, homeexchange.com, all have wide selections (as well as annual membership fees).

Volunteer vacations

To volunteer in national parks, forests, and ranges to construct or rehabilitate trails, cabins and shelters, contact the American Hiking Society: americanhiking.org

To link up with scientists to work on different projects and expeditions throughout the world, contact Earthwatch Institute: earthwatch.org

To work in the U.S. and a number of countries throughout the world constructing homes, teaching English, assisting with health care and more, contact Global Volunteers: globalvolunteers.org

Selected volunteer opportunities

SCORE (Service Corps of Retired Executives) provides in-person and e-mail counseling by retired executives for small business owners: score.org

The Corporation for National Community Services Senior Corps matches older volunteers with community organizations that need their help with disaster relief, education, homelessness, literacy, technology, eldercare and more: seniorcorps.org

The Peace Corps solicits older volunteers in relatively good health because of their experience, maturity and demonstrated ability: peacecorps.gov

Meals on Wheels volunteers deliver meals for the homebound in the community: mowaa.org

Points of Light Institute links volunteers with organizations to solve serious social problems: pointsoflight.org

Habitat for Humanity International builds and rehabilitates homes for needy families: habitat.org

Experience Corps mobilizes older Americans on behalf of children and schoolchildren by mentoring, helping build support for public education, etc.: experiencecorps.org

Think about the national and local organizations that you have always supported philosophically or financially. Many have volunteer opportunities that match your skills and time availability.

Books that speak to retirees

Age Power: How the 21st Century Will be Ruled by the New Old by Ken Dychtwald, Ph.D. (Penguin Group). Paints the picture of what “retirement” will look like globally for baby boomers and challenges them to change their current view of aging (and by extension, their future actions) and think about how to spend their extra years of life.

From Aging to Sage-ing: A Profound New Vision of Growing Older by Zalman Schachter-Shalomi and Ronald Miller (Warner Books). Shows readers how healthy aging may be more like the process of birth than a reminder of mortality if it is characterized by adventure, passion and fulfillment.

The Complete Eldercare Planner by Joy Loverde (Three Rivers Press). A comprehensive resource that takes you from the early caregiving days through the end of a person’s life. It covers legal and insurance matters as well.

Consumer Reports Complete Guide to Health Services for Seniors by Trudy Lieberman and the editors of Consumer Reports. Covers all aspects of finding and paying for health care.

Unbelievably Good Deals and Great Adventures That You Absolutely Can’t Get Unless You’re Over 50 by Joan Rattner Heilman (McGraw-Hill). The title says it all!

Wells Fargo Advisors does not endorse the content of the Web sites and books listed above. They are suggested for informational purposes only.
## My IDs and passwords
*(Keep in a safe place)*

<table>
<thead>
<tr>
<th>Web site or institution</th>
<th>User ID</th>
<th>Password</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Your financial information
*A checklist that can be used for planning or emergencies*

### Prepared/Updated

<table>
<thead>
<tr>
<th>Name</th>
<th>Social Security number</th>
<th>Birth date</th>
<th>Location of birth certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Personal profile

- **Husband**: 
- **Wife**: 
- **Children**: 
- **Other beneficiaries**: 

### Other contacts

- **Financial Advisor**: 
- **Attorney**: 
- **Accountant**: 
- **Insurance Agent**: 

### Contact information

- **Address**: 
- **Phone**: 

### Prepared/Updated

___
Do you have:

- Will
- Durable power of attorney
- Health care directive
- Living will
- Revocable living trust
- Personal representative/executor
- Location of tax returns
- Location of safe deposit box (Institution) and Address
- Names of those authorized to open safe deposit box
- Location of keys
- Contents (stock certificates, EE bonds, bearer bonds, etc.)
- Location of appraisal and inventory of personal property (including collectibles)
- List, Photos, Video
- Funeral and burial arrangements

**Incapacity/Disability**

- Name of guardian/trustee in the event of your incapacity
- What disability policies do you own?
- What long-term care policies do you own?

**Investment/Bank accounts**

<table>
<thead>
<tr>
<th>Bank/Institution</th>
<th>Bank/Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>How account is titled</td>
<td>How account is titled</td>
</tr>
<tr>
<td>Account number</td>
<td>Account number</td>
</tr>
<tr>
<td>Type of account</td>
<td>Type of account</td>
</tr>
<tr>
<td>Account number</td>
<td>Account number</td>
</tr>
<tr>
<td>Type of account</td>
<td>Type of account</td>
</tr>
</tbody>
</table>

**Trust accounts**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Type of trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Tax ID number</td>
</tr>
<tr>
<td>Current trustee</td>
<td>Successor trustee</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td></td>
</tr>
<tr>
<td>Institution</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
</tr>
<tr>
<td>Type of trust</td>
<td>Tax ID number</td>
</tr>
<tr>
<td>Current trustee</td>
<td>Successor trustee</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td></td>
</tr>
<tr>
<td>Have you reviewed your trust(s) recently?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Gift information**

- Are you a custodian of uniform gift/transfer to a minor’s accounts? Yes | No
- (If so, and you are the donor, these may be included in your estate for tax purposes.)
- Have you filed any gift tax returns? Year | Gift amount $
- Are you taking full advantage of annual exclusion gifts? Yes | No

**Securities**

<table>
<thead>
<tr>
<th>Brokerage firm</th>
<th>Brokerage firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>How account is titled</td>
<td>How account is titled</td>
</tr>
<tr>
<td>Account number</td>
<td>Account number</td>
</tr>
<tr>
<td>Type of account</td>
<td>Type of account</td>
</tr>
<tr>
<td>Account number</td>
<td>Account number</td>
</tr>
<tr>
<td>Type of account</td>
<td>Type of account</td>
</tr>
</tbody>
</table>
IRAs/Retirement plans

Type: [ ] Traditional IRA  [ ] Roth IRA  [ ] Qualified plan  [ ] 403(b)

Participant

Name of company (i.e., brokerage firm, bank, mutual fund)

Address

Account number  Approximate value $  Date

Primary beneficiaries

Contingent beneficiaries

Type: [ ] Traditional IRA  [ ] Roth IRA  [ ] Qualified plan  [ ] 403(b)

Participant

Name of company (i.e., brokerage firm, bank, mutual fund)

Address

Account number  Approximate value $  Date

Primary beneficiaries

Contingent beneficiaries

Life insurance policies

<table>
<thead>
<tr>
<th>Owned by</th>
<th>Type of policy*</th>
<th>Issuer</th>
<th>Insured†</th>
<th>Beneficiary</th>
<th>Death benefit</th>
<th>Premium</th>
<th>Cash value</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*WL - Whole life; G - Group term; UL - Universal life; SPWL - Single-premium whole life; T - Term; SL - Survivorship life
†The owner is assumed to be the insured unless you state otherwise.

Have these policies been reviewed recently?  [ ] Yes  [ ] No

Do these policies meet your current needs?  [ ] Yes  [ ] No

Annuities

<table>
<thead>
<tr>
<th>Owned by</th>
<th>Type of contract†</th>
<th>Issuer</th>
<th>Beneficiary</th>
<th>Death benefit</th>
<th>Cash value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

†F = Fixed rate; V = Variable rate

Real estate/personal residence/business assets/other (collectibles, jewelry, etc.)

Real estate/real-estate interests owned

Location of property

Lender

Lender’s address

Account number

Loan amount $  Date due

Payment amount $  Date due

Interest rate %  Maturity

Real estate/real-estate interests owned

Location of property

Lender

Lender’s address

Account number

Loan amount $  Date due

Payment amount $  Date due

Interest rate %  Maturity

Estate tax

What is your estimated estate tax liability? $  

Have you planned for it?  [ ] Yes  [ ] No