HOW TO RETIRE WORRY FREE

A GUIDE TO LIFELONG FINANCIAL FREEDOM

INTRODUCTION

If you've ever been worried about whether or not you'll have enough money for retirement, then I believe this book will be the most important book you'll ever read.

I am going to cover strategies that may increase the odds that you will retire comfortably with enough money to spend during your golden years. You'll be one of the few Americans who take control of their finances and their destiny with a comprehensive retirement plan.

It's a sad and unfortunate fact that 1 out of 3 Americans report having no retirement savings, and 23% having less than $10,000 saved.[1] And 38% of respondents (19% of these respondents are ages 55-64) to a recent survey indicated that they would work as long as they possibly could or they had no plan or intention to retire.

Further, a recent survey showed that 43% of older Americans fear that they will outlive their savings and investments—a fear that surpasses loneliness, boredom, and even declining health.[2]

That's why reading this book is imperative to your financial health. I'm confident that you'll know a lot more about what you need to do to retire comfortably than the average retiree and pre-retiree by the time you have read this book.

One of the things that you'll discover is that preparing for retirement isn't just a matter of putting your money in investments and earning the highest return possible. There are a lot of moving parts and variables when it comes to creating a retirement plan. These variables will govern how comfortable of a retirement you'll enjoy—including how long you'll live, how much money you'll make, and the lifestyle you want to enjoy when you retire.

If you get one of them wrong (like inflation, taxes, or asset allocation), then it could make a difference between retiring comfortably, or barely getting by.

Further, with people living a lot longer these days than ever before, the chances of outliving your money skyrocket. You could find yourself with

enough money to retire when you're 65, but watch your nest egg erode as you are forced to dig into your principal if you end up living 20-30 years longer.

So it's a lot more complicated than saving a big pile of money, making it grow with the highest return as possible and potentially live off the interest. You need more robust retirement planning solutions that take into account many variables that could affect when you'll retire and what kind of lifestyle you'll be able to enjoy—or are forced to endure.

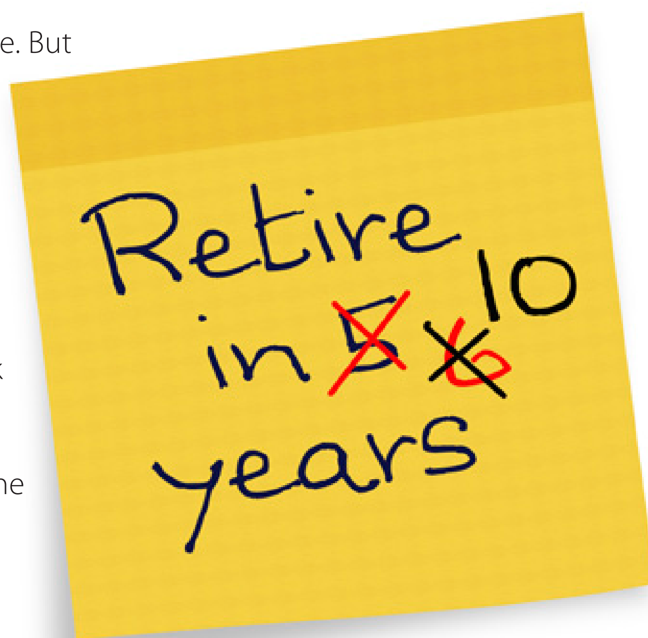
Now I don't mean to startle you, but the consequences of ignoring the advice in this book and "hoping for the best" when it comes to your retirement could be disastrous.

Consider the story of Debra Leigh Scott. In a perfect world, retirement is where her life should begin. But after working as an adjunct professor for 25 years and not getting the tenured position she had hoped for, there's a bleak possibility that retirement might end.

"Suicide is my retirement plan," said Scott, a divorced mother of two grown children. "Unless you have a spouse or partner, you're looking at a dire poverty in old age. In addition to poverty, you're looking at getting no additional work because of your age, or you're looking at dropping dead in the classroom." [3]

This is a real-life reminder that paints a painful portrait you need to avoid. With their golden years way ahead of them, many people mistakenly assume that they will retire without a hitch. It's extremely easy to be complacent and think that "things will work out" when it comes to your money or finances—and it's very convenient to not think about the alternative.

Of course, Ms. Scott's retirement plan is pretty extreme. But another alternative to dealing with little or no retirement savings is the fact that you'll have to severely alter your lifestyle and spending—or continue working until you're 70 years old. The latter is completely realistic for a healthy senior, but what if you have expensive health problems?



You also cannot rely on Social Security to take care of you either. The average monthly Social Security check is $1,360 in 2017.[4] Compare this to how much you're making now, and your current expenses—it's just not enough if you want to build your dream house, trot the globe, or live a life of leisure, hobbies, and relaxation when it's time to retire.

Another alternative is that you could remain homeless. I know it seems pretty far-fetched—especially since you've never come remotely close to being homeless throughout your working life.

But consider this: A 2014 *Harper's* article brought this sad fact to light as "a growing trend of older Americans for whom the reality of unaffordable housing and scarcity of work has driven them from their homes and onto the road in search of seasonal and temporary employment across the country," Lynn Stuart Parramore wrote of AlterNet. "These displaced seniors have no choice but to keep working as RV-roaming nomads in whatever farm, factory or amusement park that will have the 'workampers.'" [5]

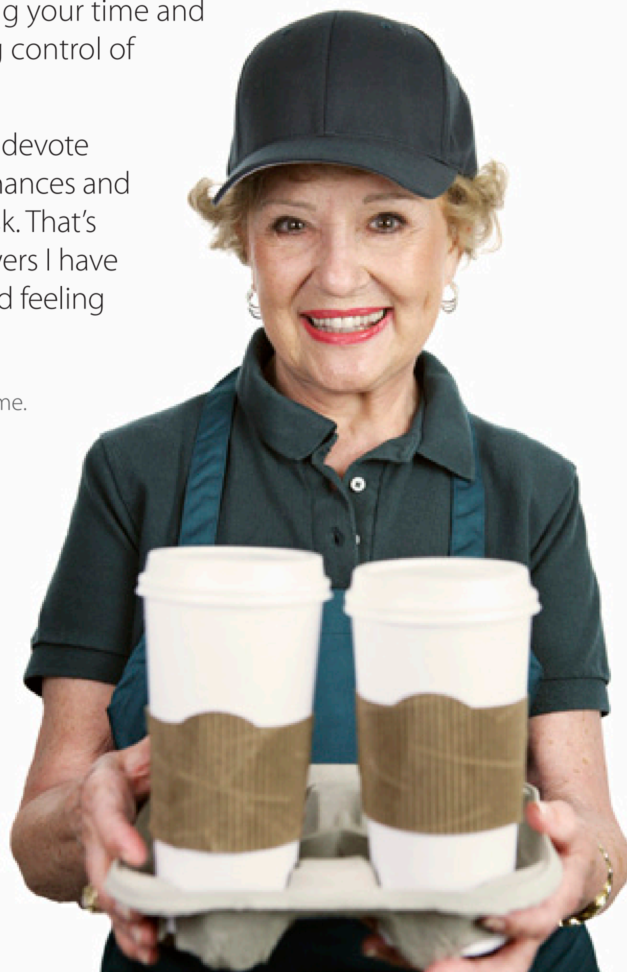
I don't mean to scare you. But the problem is that you only have one shot at this. There are no "do-overs" when it comes to retirement planning. You could afford to recover from financial mistakes when you were younger, but the consequences could be dire if you "put it off" and hope for the best.

Without the right plan and strategies, you could find yourself working into your golden years

when you could be using your retirement to travel, spend time with your kids and grandkids and enjoy hobbies you "put off" when you were working.

That's why I believe this book is extremely important for your financial future. You're already way ahead of the average American by taking your time and reading it—so I commend you for taking action and taking control of your retirement and your future.

A word about how I decided to write this book: I decided to devote each chapter to the most pertinent questions about their finances and their retirement that retirees or prospective retirees might ask. That's why each chapter starts with a question. Hopefully the answers I have prepared for you will allow you to take one more step toward feeling more secure about retirement.



1) Time: 1 in 3 Americans Has Saved $0 for Retirement. March 4, 2016. http://time.com/money/4258451/retirement-savings-survey/

2) Marketwatch: Older People Fear This More Than Death. July 21, 2016. http://www.marketwatch.com/story/older-people-fear-this-more-than-death-2016-07-18

3) Huffington Post: What Retirement Without Savings Looks Like. June 24, 2015. http://www.huffingtonpost.com/gobankingrates/what-retirement-without-s_b_7655296.html

4) Motley Fool: How Big Is The Average Social Security Check? January 31, 2016. http://www.fool.com/investing/general/2016/01/31/how-big-is-the-average-social-security-check.aspx

5) Alternet: Shocking Picture of What Life Will Look Like When You Can't Afford to Retire. August 25, 2014. http://www.alternet.org/economy/shocking-picture-what-life-will-look-when-you-cant-afford-retire

"I'M AFRAID RISING MEDICAL COSTS COULD DECIMATE YEARS OF RETIREMENT PLANNING."

One of the things that many retirees and pre-retirees fail to take into account when it comes to retirement planning is the rising cost of health care—especially as you get closer to retirement age.

It's tough to think about this when you're relatively healthy, but as you age, your body is more vulnerable and prone to getting sick. That means you'll have to spend more on drugs and doctor's visits as you get older.

Not only that, but your health insurance premiums will go up as well. Plus medical expenses increase every year—far beyond inflation.

A recent Fidelity study showed that a couple who retires in 2016 will need $260,000 to cover health care costs in retirement.[1] This is a 6% increase over 2015's estimation, and the highest estimation since Fidelity started keeping track of these calculations in 2002.

That figure applies only to retirees with traditional Medicare insurance coverage. It also doesn't include costs incurred due to long term care.

Unfortunately, many retirees and pre-retirees make the mistake that Medicare will cover all of their medical bills when they retire. The truth is that Medicare only covers a percentage.

According to analysis, average out-of-pocket health care spending by Medicare beneficiaries is sizable and increases with age.

- On average, Medicare beneficiaries aged 65-74 spend $2,920 a year in out-of-pocket expenses.[2]
- Those aged 75-84 spend $3,815, a year.

• And, those 85 and above spend $4,615 a year – an average of 30 percent of their income.

For example, vision and dental care are not covered by Medicare. Nor do hearing aids or hearing exams. Recent surveys show that 50% of people age 55 and over wear partial or complete dentures. One-third of all non-institutionalized elderly persons 70 years of age are hearing impaired. And 92% of persons 70 years of age and older wear glasses.[3]

This should serve as a wake-up call to start taking into account rising health care costs when you retire.

The good news is that there are ways to potentially save for the rising cost of health care in a tax-advantaged way so that you can boost your savings.

A skilled financial planner should be consulted to help you "catch up" on your retirement savings if you haven't taken into account the rising cost of health care in your retirement plan. Failure to do so could wreck your retirement savings as rising health care costs will eat away at your assets.

It could also add to the stress you'll feel as more of your retirement income begins to get eaten up by prescription drugs and trips to the doctor. That's why you need to act now—regardless of your age.

1) Fidelity Investments. Health Care Costs For Couples In Retirement Rise To An Estimated $260,000, Fidelity Analysis Shows. 2016. https://www.fidelity.com/about-fidelity/employer-services/health-care-costs-for-couples-in-retirement-rise

2) New Retirement. Rising Medical Costs: Out Of Pocket Medical Spending In Retirement Can Ruin Finances. 2016. https://www.newretirement.com/Planning101/Rising_Medical_Costs.aspx

3) The Henry J. Kaiser Family Foundation. How Much Is Enough? Out-Of-Pocket Spending Among Medicare Beneficiaries: A Chartbook. 2014. http://kff.org/medicare/report/how-much-is-enough-out-of-pocket-spending-among-medicare-beneficiaries-a-chartbook/

"I AM CONCERNED THAT MY RETIREMENT SAVINGS WILL RUN OUT"

You may think that all the hard work is done once you hit retirement. You were diligent at saving your money and hired a financial advisor to help navigate your retirement. And now you're sitting on a large nest egg and you think that you can live off the interest you're earning on your money.

Here's the cold, hard truth: *you'll never stop working to maintain your nest egg*. Remember, you could easily live an extra 30-40 years past retirement, so you need to make sure your money will last.

Further, inflation will continue to erode the value of a dollar, and savings accounts and bonds may not be able to earn a rate of return for your account to stay on pace with inflation. That's why you need to have the growth potential of a well-balanced portfolio.

Let's assume that you're able to average 12% growth and inflation will be 4%. So to maintain that nest egg and break even with inflation, you will live on 8% income from your nest egg. That means if you have a nest egg of $700,000, you will live on $56,000.[1]

So it's not as simple as building a nest egg and living off the interest for the rest of your life. Inflation can eat away at your nest egg very slowly and insidiously—which is why you need to consider staying invested using a carefully constructed retirement portfolio.

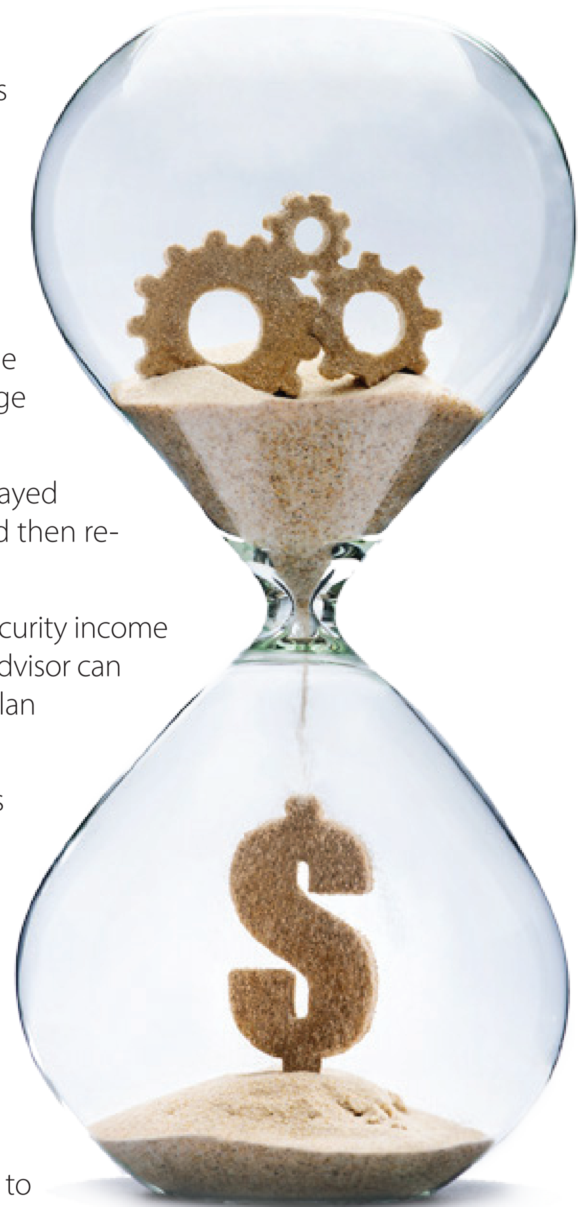
Ultimately, you need to create a plan ahead of time for how you're going to grow and maintain your nest egg when you retire. Why? The reason is, it's harder to fix errors once you're retired because you may not have enough time or money to "make up" for mistakes.

The ideal time to plan for this is at least 5 years before you retire. But if you're already close to retire-

ment or are already retired, it's not too late. There are several other things you can consider to help your retirement funds potentially last throughout your life.

1) Carefully plan your annual distribution amount.[2]
This is where an experienced financial advisor comes in. They will help you ensure that you're taking distributions at an optimal rate.

Many factors affect how much you can distribute – including how much money you're making from all your income streams and Social Security. There are also many tax ramifications too.



The key is not to be tempted to increase your withdrawal rate when the market is up. You need to be as disciplined with your withdrawals as you were with your retirement contributions. And, remember, you don't have a lot of time or money to "make up" for any mistakes—so careful planning is critical.

2) Claim your Social Security benefits at the correct time.[2]

For those born in 1960 or later, waiting until full retirement age (67) to collect Social Security benefits means your monthly benefit will be about 30 percent higher than if you'd started receiving benefits at age 62, when you first become eligible.

You can increase your payments another 8 percent annually (via delayed retirement credits) by applying for benefits at full retirement age and then requesting to have payments suspended until you turn 70.

Determining a strategy for maximizing your investments and Social Security income can be complex, and depends on your personal situation. A financial advisor can help you work through the various scenarios and provide you with a plan that will be most advantageous to your retirement goals.

This will also enable you to see which claiming option would gross the most money over time. The time span is pertinent because the whole equation is dependent upon your longevity, so be prepared to estimate how long you think you'll live.

3) Know when to take correct required minimum distributions at the correct time.[2]

Account holders of personal and employee-sponsored programs begin required minimum distributions (RMDs) the year he or she reaches age 73. Failing to take an RMD results in a 50 percent tax on the amount not withdrawn. In addition, the distribution is still subject to ordinary income taxes if it was contributed on a pretax basis.

The timing for RMDs, as well as how to calculate the amount of the RMD, is a little complicated. An experienced financial planner will be able to help you determine the amount of your RMD for each of the accounts you hold.

4) Have a solid emergency fund.

One of the things we haven't talked about is having a solid emergency fund as a part of your retirement plan. That way, you don't have to tap into your retirement funds and pay expensive penalties when you're forced to withdraw.

It's a sad fact that many Americans are ill-prepared for an unplanned expense—so much that a whopping 66 million U.S. adults have zero savings.[1]

Many financial experts believe that a 3-6 month cushion is enough to carry most people through job losses, illness or other unforeseen circumstances.

Think about it. If you have a minor car accident, your water heater breaks down, or you need to fix anything, it could easily cost at least one to two thousand dollars. What would you do then? Tapping into your retirement savings will cost you money in penalties, so this would not be the best decision.

The first order of business is to have an emergency fund to handle unexpected expenses or losses of employment that don't last too long. This is a good time to take another look at your budget and needs versus wants. If at all possible, cuts should be made so that emergency funding can be stored away and you don't need to use your retirement savings.

1) The example is hypothetical and provided for illustrative purposes only. It is intended to show the effect inflation may have. It is not intended to represent a specific investment product. You should consult your tax advisor or legal counsel for advice and information concerning your particular situation.

2) This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, please consult with a qualified tax adviser, CPA, Financial Planner or Investment Manager.

"I AM WORRIED I HAVEN'T SAVED ENOUGH TO LIVE COMFORTABLY IN RETIREMENT"

By now, you must have heard from financial "gurus" that you need to have a nest egg of $1 million to $1.5 million to retire comfortably.

Or you may have heard that you need to have savings that match 10-12x your current income.

The problem is that many variables judge how much money you'll actually need in retirement. We will cover many of these factors in this book, but for now, know that the amount of money you'll need to retire greatly depends on how healthy you are, where you live, and how healthy you will be when you age.

Another problem is that people are living longer. According to the Social Security Commission, the average life expectancy for those still alive at age 65 is 84 for males and 86 for females. Think about it: that's an average—meaning that 1/2 will live less and 1/2 will live longer[1]

Further, the data also shows that one in four people alive at age 65 will live past age 90 and one in ten will live past 95!

That's why retirement planning is tricky because the plan needs to take into account a way to have an adequate stream of income for an unpredictable length of time. For example, you could build your retirement plan expecting to live to 84, but it turns out you live to 92. What are you going to do to ensure that your money will last an extra 10 years?

The Social Security Administration provides a calculator that shows you the average number of additional years you can live—based on the gender and date of birth you enter. You can access it here: **www.ssa.gov/OACT/population/longevity.html**

Let's take a 50-year-old male who is born on April 1, 1956. When we plug the numbers into the calculator, it says that the male has a life expectancy of 83.6 years. However, if that same person lives to 66, they could live to 84.9 years. And if they live to 70, their life expectancy goes up to 86.

This example makes an extremely important point about determining how long you're going to live—and how much money you need to save for retirement.

The longer you live, the longer your life expectancy.

What that means to you is this: you need to alter your expectations regarding how long you're going to live and how much you'll need to retire. Remember, these numbers are averages—meaning there's a 50% chance you'll live longer than what a life expectancy calculator will tell you.

The Social Security calculator will give you an estimated life expectancy, but it doesn't take into account your habits, family history, lifestyle, etc. There is an online life expectancy calculator called the Living To 100 Calculator that will give you a more accurate estimate of life expectancy. You can see it here: https://www.livingto100.com.

The *Living To 100 Calculator* allows you to put all kinds of personal information into the calculator—including current health, lifestyle habits, and family's health history. It will give you a more accurate and personal life expectancy estimate.

The big takeaway you need to remember from this chapter is that, thanks to healthier lifestyles and breakthroughs in medical technology, you could live longer into retirement and have a better quality of life. But it also means that your investment portfolio needs to last for 30 years or more.

That's why it's important to start saving more money so you can start building your nest egg to last for 30-40 years potentially. Here are some relatively painless ways you can save more for retirement:

1) Save just 1 percent more. This small increase in savings could lead to a larger retirement account thanks to the magic of compounding. For example, if you earn $60,000 per year, you could easily save 50 dollars per month into your retirement account. Think about it: 50 bucks per month isn't going to affect your lifestyle. Then, you can gradually increase your savings to 2-3 percent depending on how close you are to retirement and your income.

2) Save any bonus or raise you get through your employer. Most people blow whatever extra money they get through work on frivolous expenditures—like vacations and eating out too much. This is an opportunity to sock more money into your retirement account without reducing your take home pay. You could also avoid some tax implications of receiving a bonus by contributing it directly to a retirement account.

3) Contribute your tax refund. Using IRS Form 8888 will allow you to contribute your refund straight to a retirement account for either the current tax year or the following year.

4) Avoid paying penalties. Don't sabotage your retirement by using your retirement account as an emergency fund. Most accounts require that you pay a 10% penalty for withdrawing money too early. There could be more fees if you frequently trade funds.

5) Cut out unnecessary expenses. This could be magazine subscriptions that you don't read or cable television packages that you don't watch. Perhaps you have a gym membership that you don't use or excessive expenses such as a membership to a country club. Remember, you're only cutting out things you don't use. Then, funnel those savings into a retirement account.

6) Take advantage of catch-up options. The good news is that there are many options for pre-retirees over 50 to save more for retirement. So, if you haven't saved as much as you wanted, the ability to go beyond the normal limits with catch-up contributions could allow you to boost your retirement.

So if you're worried that you haven't socked enough money to live comfortably in retirement, rest assured that there are ways to potentially "catch up" and still retire comfortably. The key is to put a process in place that will help you pursue the retirement you want.

But you need to get focused on starting today. Thanks to these savings tips and adequate planning, you'll increase your chances that you'll not only have enough money when you retire but make sure that your money keeps growing. Everyone's situation is different, so you need expert guidance from a skilled financial planner to help you put together a retirement plan that takes into account your life and circumstances.

1) Social Security Administration: Retirement And Survivors Benefits: Life Expectancy Calculator. https://www.ssa.gov/OACT/population/longevity.html

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, please consult with a qualified tax adviser, CPA, Financial Planner or Investment Manager.

"I AM STRUGGLING TO AFFORD DAILY LIVING EXPENSES IN RETIREMENT"

If you're struggling to afford daily living expenses in retirement, then you're not alone. Many seniors are having a hard time paying for food, shelter and medical expenses. This could be due to inflation, low-wage jobs, health issues, a financial crisis and other reasons that have you just scratching to get by.

Unfortunately, simply putting your money into a retirement plan doesn't ensure that you'll have enough money at retirement to live the life of your dreams, travel and spoil your grandkids. Here are common mistakes people make when it comes to maintaining your nest egg when you retire:

1) Not Modifying Your Lifestyle After You Retire

This is probably the biggest mistake most retirees make: they find it hard to accept the fact that food, clothing, and entertainment expenses need to be adjusted because they may not be making the same level of income as they were when they were in the workforce.

They also forget to take into account the health and long-term care costs that usually come into effect as a person ages. That's why it's important to talk to a trusted financial advisor to take into account all of these variables as you plan to have enough for retirement.

2) Spending Too Much Money Too Soon

It is extremely tempting to spend a lot of your retirement savings because that amount looks pretty large. But you have to keep in mind that you potentially have to make your money last for 30-40 years!

We covered how to determine how long you'll live earlier in this book, and it could be a lot longer than you've estimated. So you need to have a lot of discipline so as not to deplete your money beyond the interest it earns; otherwise, you'll hurt your principal and you could have nothing after just a few years.

You also may need to withdraw retirement savings for personal reasons or emergencies. Maybe you think that tapping into retirement savings is a good place to get a down payment for a home.

You need to always remember that early withdrawals from your retirement savings could jeopardize your future.

Not only that, but you'll have to pay a 10% penalty for early withdrawal if you decided to take money out of an IRA prematurely. So not only will you lose the ability to benefit from compounding or other savings attributes, but you'll spend more money on unnecessary taxes and penalties.

So, for this reason, you should consider early withdrawal as a last resort.

3) Supporting Adult Working Children

It will be hard not to help a child in need, but you have to remember that your savings are fixed for the most part. Plus, you'll be more than likely earning less than you did when you still had a job. Your children have plenty of time to recover from financial difficulties, so—unless you know you have plenty of money to spare—refrain from giving gifts or loans.

4) Being House Rich But Cash Poor

Most retirees and pre-retirees have paid a mortgage their entire lives and had a lot of equity in the home—but have very little cash left. Sure, houses can go up in value, but expenses to maintain the house (repairs, utilities, taxes, services, etc.) can be a lot to handle for a retiree who is living on a lower income than they did when they were in the workforce.

You may consider selling your house and getting a smaller home that you can afford better—especially since the kids are out of the house. That way, you can put your money into more predictable investments and income to support your new lifestyle.

5) Not Having A Plan

We already covered the number of people who aren't saving enough for retirement

early enough. A certified financial planner will help you make a detailed financial plan so that you know how much you'll need to retire. Knowing this will help you sleep better—especially since you have a plan. Trust me it won't be as bad as you think.

One tip I have for you is this: look at all those "hidden" costs in your monthly budget that you might save.

They could be canceling your landline phone, getting rid of subscriptions that you don't read anymore, or perhaps refinancing your mortgage. You can direct these "hidden" savings into a retirement account.

But, ultimately, a skilled financial planner is going to know the "ins and outs" of how to plan for your retirement and take into account all the variables explained in this book. They'll help you plan out different scenarios, including ones that count on you selling your home, keeping it, moving to another state, or even living until you're 95.

Remember: you can afford to make mistakes with your money when you're young. Mistakes help you learn. But the older you get, the margin of error goes down when it comes to your retirement. That's why you need to start now; otherwise, you could be a burden to others in your golden years.

"I'M CONCERNED THAT I HAVEN'T FACTORED IN INFLATION INTO MY RETIREMENT SAVINGS"

You probably had a father or grandfather who reminded you how cheap things were in the "good ol' days." Perhaps a hamburger only cost 10 cents and going to the movies only cost 99 cents—not the several dollars they cost today.

This was probably a familiar story to you, but a serious reminder of the impact of inflation over a lifetime. It represents a serious risk to a retirement portfolio—because a portfolio that looks good in "today's dollars" could mean trouble by the time you retire since one dollar will not buy as much as it does today.

Consider this: the average U.S. inflation rate from 1913 until 2016 was a mere 3.18 percent. However, there have been variances in inflation per decade from 0.38% during 1920-1929 to 7.25% during 1970-1979.[1] This could decimate a retirement portfolio that doesn't take into account the decline in purchasing power over time.

Even many "safe" investments that guarantee a certain rate of return may not protect your savings from inflation. For example, if an investment strategy expects a 3.5% yield, but the rate of inflation is 4.0%, the strategy's real return rate is negative because it is not keeping up with inflation.

The good news is that many strategies can be developed that attempt to protect your hard-earned savings against inflation. A skilled financial advisor will sit you down and lay out a plan for you to not only increase the chances of growing your retirement nest egg but strive to protect it from inflation.

There are even strategies that allow you to implement "inflation protection" into your financial plan.

There are also many strategies that could potentially allow you to "hedge" against inflation. These are investments that historically have performed well over time when compared to inflation.

Making sure that a retirement plan takes into account inflation is something that should be implemented by yourself.

Sure, your nest egg could suit you well when you retire, but what happens 10-15 years down the road—especially since you could live 30-40 years longer?

You cannot simply "hope for the best" and assume that inflation rates will be minimal by the time you retire, or that you're getting high enough returns to combat inflation.

By the time you realize you're in trouble, there are very few ways to correct it. Then, the only options will be to spend less and work into retirement.

That's why it's critical to sit down with a financial advisor that knows all the strategies for protecting a retirement portfolio from inflation. They will help you create a plan that attempts to mitigate the effects of inflation on your retirement savings.

1). Inflationdata.com. http://inflationdata.com/Inflation/Inflation/DecadeInflation.asp. 2016.

This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, please consult with a qualified tax adviser, CPA, Financial Planner or Investment Manager. Past performance is no guarantee of future results.

"I AM WORRIED I HAVE TOO MUCH DEBT IN RETIREMENT"

If you are a retiree or pre-retiree with a lot of debt, then you're not alone. Many Americans have been hit by the recession and other circumstances and are carrying a lot of mortgage debt, student loans, or credit card balances.

Data from the Employee Benefits Retirement Institute show that 64% of households headed by Americans 55 or older have significant household debt, with almost 10% reporting household debt payments of 40% or more of income (a sure sign of financial trouble, EBRI says).[1]

That puts much of the nation at a 23-year high when it comes to excessive debt in households nearing retirement.

"The percentages of families whose debt payments are excessive relative to their incomes are at or near their highest levels since 1992," EBRI notes. "Consequently, even more near-elderly and elderly families are likely to find themselves at risk for severe changes in lifestyle after retirement than past generations."

I'm sure you're wondering how to juggle two scenarios—how to save for retirement and pay down debt at the same time. Also, how do you avoid racking up more debt after you stop working, when you cannot count on a salary boost to help pay down your obligations.

The key is to start now. Don't wait to address your debt situation when you reach retirement. Remember—it was easy to get a high-paying job when you were younger to pay down that debt.

But you have fewer options when you get older.

Here are some tips you can implement right now:

1) **Start living within your means.** A tip is to bring your expenses down to a level that will be below your retirement income now. It helps to create a budget.
2) **Contact your creditors** and see if they will negotiate a lower interest rate.
3) **Sell household items** you don't use to pay down debt.
4) **Eliminate any unnecessary costs** - including cable, subscriptions, entertainment, etc.

You can also use the "Snowball" method of paying down debt—which is when you pay down the smallest debt first and work your way to the next balance. This will give you momentum and will make you follow through to tackle this debt.

Another method is the "Avalanche" method—which is when you pay down the debt with the highest interest rate. Then, you work your way to the next debt…and so on.

It also helps by identifying the root of the problem. Was there an emergency, a health scare, or a roof needing replacement? Or do you spend too much money? It helps to get down to the core behavioral issues that cause you to spend a lot of money. Perhaps you're too busy trying to "keep up with the Joneses" and need to focus on your own financial health—no matter what other people are doing with their finances.

A skilled financial planner will help you get a retirement plan in place so that you can keep expenses in check and pay down more debt. They will also help you understand your own personal retirement goals and what it's going to take—before you blindly start using assets to start paying down debt.

1) Employee Benefits Research Institute. Debt Of The Elderly And Near Elderly. 2015. https://www.ebri.org/pdf/notespdf/EBRI_Notes_01_Jan-15_HSAs-Debt.pdf

"I'M AFRAID I WON'T BE ABLE TO AFFORD LONG-TERM CARE IF THE NEED ARISES"

One unexpected expense that many retirees and pre-retirees don't take into account is the cost of health care as they get older. It's easy to assume that you'll continue to experience the same level of good health and assume those expenses aren't going to change.

But consider this: a 65-year-old healthy couple can expect to spend $266,600 over the course of their retirement in Medicare premiums alone according to Healthview[1]. But for a 55-year-old couple retiring in 2025, that cost jumps to $463,849.

Contrary to popular belief, Medicare is not a free social program—you have to pay to play. And Medicare only covers about half of all health care expenses. It doesn't cover deductibles, co-pays or prescription drugs you take on a regular basis.

Not only that, but heath care costs are going up in general. An estimate from Fidelity indicated that health care costs in retirement rose 11% from 2014 to 2015.[2]

Here's another sobering fact: your health care will likely be cheapest during your first year of retirement. According to Healthview, the average monthly health care expense for a couple at 65 is $583. That amount could go up as you get older, and you could end up spending more than double that amount each month if you reach 85 years old.[1]

So think about your expenses now. You're probably spending $500 to $1,500 and up per month on a car payment or a mortgage. Imagine spending the same amount just on health care! That's the reality of health care costs as you get older—a reality that has overwhelmed even the best-laid retirement plans.

But there's more bad news. The U.S. Department of Health and Human Services says that nearly 40 percent of people over the age of 65 years will spend time in a nursing home.[3] Thirty percent will stay less than 3 months, but 50% will stay more than a year. And 20 percent will stay longer than 5 years.

One thing you need to think about is how best to incorporate long-term care into your retirement budgeting process.

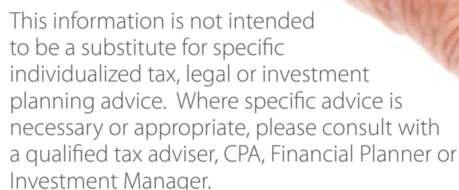
Average nursing home stays are more than 2 years, so you have to consider adding a budget of an extra $200,000 (excluding inflation) into your savings. This is something you'll need to work on with an experienced financial advisor to make sure you have enough money to support yourself if you need long-term care.

Even if you don't need a nursing home, extra help and home health care costs add up, with some estimates at $40,000 per year. This is the self-insuring process where you save what you need.

If you decide to get long-term care insurance and pay premiums in exchange for health care services, you will need to consider a few things:

- **The amount of coverage:** You want to get as much coverage as possible, assuming the premiums are the same.
- **Premiums:** They can go up, and they often will. Make sure you are ready for this inevitability and how it affects your budgets and savings if it happens.
- **Benefits versus Risks:** You may decide to take out long-term care insurance and never use it. This will cost a lot of money that could have been spent elsewhere. You will want to weigh the risk of not needing insurance versus the benefits of it when you do need it.

You may be happy that you purchased the insurance after you get the medical bills. Some people will opt for long-term care insurance that is used in conjunction with their life insurance policies. A so-called "hybrid" long-term care insurance will provide health coverage over and above your death benefit. Any money used for long-term care will reduce your death benefit first. You also can purchase life insurance with a long-term care rider.



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These are extremely personal decisions, and there is no right answer that fits everyone. You may be completely healthy today and may continue to be healthy throughout your retirement. Or your health could take a turn and you'll be glad you had these policies in place. An experienced financial planner will help you create a proper saving strategy to help you best prepare for the long-term care of yourself and your spouse.

Thinking about this sooner rather than later will help you better prepare for the worst while hoping for the best. It will also be a lot cheaper too. Insurance premiums are generally lower when you're younger.

Another strategy you can implement is opening a personal savings account that allows you to put money (sometimes pre-tax and sometimes post-tax) into an account to pay for medical expenses. The money belongs to you—there are no "use it or lose it" rules like flexible spending accounts (FSAs) you may get with your work.

The bottom line is that you need to be prepared for any possibility. You may feel healthy today, but you never know what's lurking down the road. Preparing for unexpected health care costs is something an experienced financial advisor can help you with—as he/she knows how to implement the strategies that could save you from added stress and debt later on.

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1) Healthview Services: 2015 Retirement Health Care Costs Data Report. 2015. https://www.hvsfinancial.com/PublicFiles/Data_Release.pdf

2) Fidelity Investments: Health Care Costs for Couples in Retirement Rise To An Estimated $245,000. October 7, 2015. https://www.fidelity.com/about-fidelity/employer-services/health-care-costs-for-couples-retirement-rise

3). U.S. Department Of Health And Human Services: How Much Care Will You Need? 2016. http://longtermcare.gov/the-basics/how-much-care-will-you-need/

"I AM WORRIED THAT I'LL HAVE TO GO BACK TO WORK IN RETIREMENT"

If your retirement savings aren't where they need to be in order for you to retire and leave the workforce, then this section is for you. We have already talked about the need to start saving right away in other chapters, but here we're going to talk about other ways you can boost your income now so that you can potentially retire on time.

One of the things you can do is start developing multiple income streams. There are many ways you can develop income streams from a side business, seasonal or part-time jobs. Ten or fifteen years may not seem like a long time to build up a strong portfolio, but it's more than enough time to get started building more income streams.

Whatever you do, don't speculate. It's extremely tempting to "catch up on lost time" by taking part in risky investments by looking for one big hit. This is one surefire recipe for getting clobbered. You don't have a long enough of a timeframe to make up for any financial mistakes like you did when you were younger.

Another thing to consider is to start on a post-retirement career. Yes, I know that's probably not what you want to hear in a chapter that starts with "I am worried that I'll have to go back to work in retirement" but perhaps it's time to embrace starting a new career—and not dreading it.

Most people think of retirement as escaping work that they hate, but if you think of retirement as a chance to do work that you actually enjoy—it won't feel like work and you may even lose the desire to retire.

So research ways you can start a side business or think about how you can monetize a hobby you enjoy. Is there a task or hobby that you enjoy doing so much that time seems to fly by? You can easily research these on the Internet and the bookstore. The best part is that these alternative careers don't necessarily require any schooling or prior experience.

If you're dead set on not working when you retire, then you need to start implementing a plan right now.

Having a process in place will ease many of your worries about needing to go back to work when you retire. A skilled financial advisor will look at your current situation and finances and recommend strategies to potentially "catch up" so you may not have to work again.

"I AM CONCERNED THAT I DON'T KNOW THE EXACT STRATEGIES TO MAXIMIZE MY SOCIAL SECURITY"

Every retirement plan is based on three "legs," just like a stool. The first leg is private savings, the second leg is employee-sponsored plans, and the third leg is Social Security. So it's important to discover how to maximize Social Security—which we will do in this chapter.

In general, you can take benefits at full retirement age (FRA), which is called the primary insurance amount. This will vary depending on when you were born. That's 66 years old for people who were born from 1943 through 1954. It rises gradually for people who were born after 1954 through 1959. And if you were born after 1960, you can take the full benefit at age 67.

To determine your primary insurance amount, the Social Security Administration (SSA) takes your best 35 years of employment to reach something called average indexed monthly earnings. Social Security is also indexed for inflation or cost-of-living adjustments. The SSA provides several calculators to estimate how much you will receive. A good one is located here: https://www.ssa.gov/planners/benefitcalculators.html. The amount you receive depends on the specific information you provide.

The age at which you decide to take Social Security will affect how you determine your withdrawal rates and future required income. A skilled financial planner will help you get the best sense of what path you might take. Why? Because taking benefits at 62 will reduce the amount of Social Security you can receive, and waiting until your full retirement age will increase the amount you get. This is a very important variable that you have to take into account with your retirement plan.

Further, collecting benefits before you reach your full retirement will subject you to earnings tests every year until you reach full retirement. If your

earnings are higher than the SSA's limits, benefits will be withheld. This is another calculation you need to consider when determining all your savings (private and government) at the time of your retirement.

Benefits that are held back by the SSA are not refunded.

However, if your full retirement age is 66 years old, for example, and you started taking funds at 62, the SSA would have taken 25 percent of your benefits. If you returned to work at age 64, you might have had two years of benefits withheld by the time you reach full retirement age. So, the 25 percent reduction would be decreased and you would receive credit for the two years you lost Social Security. Your new benefits would be calculated as if you started withdrawing funds at age 64.

There is a large bonus for collecting your benefits late. Social Security will pay you an extra 8 percent for every year past your full retirement age that you delay your claim—all the way up until you're 70 years old.

The one thing that you need to remember is that planning is extremely important when it comes to maximizing your Social Security. As you can see, it's not a matter of reaching a certain age and you start getting Social Security checks in the mail. Your personal savings, income, marital status and age (among other factors) determine the best time to start collecting your Social Security benefits.

For example, there are certain situations where you'll want to start collecting benefits early.

This is the case for many married couples.

For example, a wife might retire early on a reduced benefit. When her husband reaches normal retirement age, he could file for spousal benefits on her account. He can then delay his own withdrawal until 70 when he can switch to his own—much larger—account. This depends on which spouse is the higher earner and their ages.

Further, if you are divorced, you can claim spousal and survivor's benefits on your ex's earnings record if you were married for more than 10 years and are not currently married.

Social Security can be more than just a retirement savings vehicle. It also provides survivor's insurance in case a worker dies.

This is generally calculated by the amount of time a person has worked and the amount of money put into the plan.

Why is this significant? Besides any private health insurance you may have, the Social Security survivor's benefits can help you assess your income streams if you prematurely die and leave your family without a primary breadwinner. It's an important part of your strategy and should not be taken for granted just because you think that it will never happen.

You really have to play with the numbers to get it right when it comes to maximizing benefits from Social Security. A financial planner will help you decide the best choice for you and your specific circumstances—including your income needs, desire to work into retirement, health, the amount of your other savings and future obligations. There is no "one size fits all" solution to maximizing Social Security—which is why expert advice from a financial planner is critical.

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"WILL I EVER BE ABLE TO RETIRE?"

If you're one of the many people who are behind on their savings, you are not alone. According to a recent survey by Wells Fargo, near-retirees have the least amount of money saved for retirement.

Americans ages 60 or older reported having a median retirement savings of just $50,000.[1]

Maybe you were a procrastinator, a big spender, put several kids through college or experienced your fair share of setbacks—including a failed business, health problems, divorce, bankruptcy, or you were the victim of someone else's wrongdoing.

There are two things that need to happen:

1) Don't beat yourself up about it. Perhaps you're feeling guilty about not having enough retirement savings and wish you can get into a time machine and correct all the financial mistakes you made in the past. The thing that you need to remember is that what's done is done—there is no way you can turn back.

You see, living in the past is a recipe for making forward progress difficult. If you're too busy wallowing in self-pity, you're not going to be able to use your energy to figure out a way to build your nest egg so you can retire comfortably.

2) Take immediate action now. They say that the best defense is a good offense. It's critical to take action right now to start building up your retirement savings so you don't have to worry about supporting yourself into your golden years.

The good news is that there are many "catch-up options" you can implement to boost the chances that you'll be able to retire. Many of these options are only available to people who are over 50 years old and were created by the govern-

ment to help people catch up on their retirement savings—since you are definitely not alone in this predicament.

A financial advisor could also potentially help you get a bigger tax deduction if you increase your retirement savings—which will allow you to save even more money for retirement.

There are also many things you can do yourself to catch up on saving as you approach retirement.

1) **Kill your consumer debt.** Credit card debt is expensive, especially for older Americans who are paying interest rates on their debts instead of funding their retirement plan.

2) **Analyze your budget and decide what expenses you can cut.** Even a few hundred dollars per month could make a huge impact on your retirement savings over a decade if you use the right strategies to grow your money. If you're looking at potentially retiring in 10-20 years, you need to make saving for retirement a priority vs. spending money on the frivolous expenses you have right now—like eating out, trips to the coffee shop, and country club memberships.

3) **Pick up a side job.** Think about the skills and hobbies you can monetize that could bring in extra money per month. Or, if you own a business or company, figure out how you can pick up a few extra customers or clients to save more money per month. Remember, just a few hundred dollars per month could make a big difference.

4) **Downsize your home.** Your kids have probably moved out, so there's no need to have a large, expensive home. Maintenance and monthly costs like electric will go down—which leaves more money for you to save. Most people wait to retire to downsize, but doing it now could have a huge impact on how comfortable you live in retirement.

Another thing you need to avoid is looking for an investing solution to bail you out from not having enough savings. This includes a "hot stock" that could triple in value in 6 months or a high-octane fund that will generate large returns. This is a risky strategy that could leave you worse off.

You can also adjust your expectations and perhaps delay your retirement. You certainly won't be alone: 72% of

those ages 50 or over want to work during their retirement years either for the fulfillment of having a job, or just to have a paycheck.[2] This will give you more time to save more money and work with a financial advisor to help you potentially catch up with your retirement savings.

All of this depends on your tolerance for risk and your specific situation. A skilled financial planner will sit you down and create a retirement plan that takes into account the fact that you're behind on your retirement savings.

A few smart moves can make retirement work for you, but the time to take action is now and not put it off until tomorrow, next week, or "when you make more money."

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1) Wells Fargo: Preparing For Retirement In America. 2015. https://www.ebri.org/pdf/surveys/rcs/2015/RCS15.FS-3.Preps.pdf

2) Merrill Lynch: Work in Retirement: Myths And Motivations—Career Reinventions and the New Retirement Workspace. 2014. https://www.ml.com/publish/content/application/pdf/GWMOL/MLWM_Work-in-Retirement_2014.pdf

DON'T ASSUME THAT YOU'LL BE ABLE TO WORK PAST 65

We've covered a lot of material in this book. And one of the strategies we recommended is to keep working past 65 to maintain a decent level of income and invest more into your nest egg.

Indeed, working past 65 does reduce some of the financial pressure you could be feeling as you get closer to retirement age and you feel like you don't have enough retirement savings. Perhaps it's allowing you to become a little more complacent regarding planning your retirement savings by casually saying, "Well, I'll just work past 65 or even part time and I'll be OK."

The financial benefits of working past age 65 are irrefutable: more time to save, more time for your money to potentially grow since you're delaying withdrawals, and delayed Social Security filing. But consider this: a survey by the Employee Benefit Research Institute in 1991 indicated that just 11% of individuals said that they planned to retire when they are 65. The percentage tripled to 33% when they performed the survey in 2014[1].

However, there seems to be a disconnect in pre-retirees' plans to delay retirement and whether they actually do. While a third of the workers in the 2014 survey said they planned to work past age 65, just 16% of retirees said they had retired post-age 65. And a much larger contingent of retirees--32%--retired between the ages of 60 and 64, even though just 18% of workers said they plan to retire that early.

So what accounts for this variance? Here are some scenarios that could impact when you retire:

1) You could get laid off. Layoffs aren't a problem when the economy is good, but what happens when the economy takes a downturn when you get closer to retirement? The first employees that usually get their layoff notices are older workers. They have more seniority and get paid more—so laying off older workers is a good way to cut costs.

The other thing to consider is the fact that it takes a lot longer for older workers to find jobs with the same level of pay.

You may not be able to find a job that paid as much as your previous one, so it may be tempting to retire instead of subjecting yourself to a bunch of unsuccessful interviews.

2) Your health could turn for the worse. It's easy to think that you'll be healthy forever when you're young and full of energy. But you could develop a health problem that could affect your ability to work. This is especially true if you have a sedentary job—which increases your chances of getting diabetes and heart disease. Therefore, you may be forced to retire because you aren't able to keep working due to your health.

3) You may end up caring for an ill family member. Our parents need more help as we get older. There are some chronic health issues that need full-time support—and hiring someone to do that may not be feasible. You could also have a spouse or child who develops health issues as well. Therefore, it may seem more sensible to stop working and retire to care for your ailing loved one vs. paying a caregiver to do it for you.

4) You may become dissatisfied with your career. Sure, things may be going smooth with your career and you're getting a lot of fulfillment. It's easy to get up in the morning and go to work—in fact it may not feel like "work" to you right now.

But what if you wake up one morning and decide that you're "burnt out" and want to take it easy during your golden years? Maybe you'll decide that you don't want to work as hard, or your industry changes and you just don't want to deal with it anymore.

In other words, your retirement date is not always under your control.

You could end up leaving the workforce earlier than you wanted for a variety of reasons. Therefore, delaying or putting off planning for your retirement because you believe you'll retire later could be an ill-advised move.

That's why it's best to "assume the worst" and plan on retiring at 65. A financial planner will help you create a plan that'll potentially improve the chances that you'll be able to retire on time depending on your specific financial situation.

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1) Employee Benefits Research Institute. The 2014 Retirement Confidence Survey: Confidence Rebounds—For Those With Retirement Plans. 2014.

CONCLUSION

I hope you really enjoyed reading this book. Bottom line: you simply cannot be short-sighted when it comes to retirement. It's easy to think that things will be "covered" by the time you come to retirement age and, if you're already retired, assume that your money will last your golden years.

But consider this: if you're 50 and you want to retire when you're 65, that leaves you 15 years. It sounds like a lot, but when you break it down a little, *it's only 180 months!*

That's why you need to focus on your retirement and finances right now. As every day goes by you are getting older. Every day that passes:

- The chances of enjoying good health go down
- The ability to be productive and continue working decreases
- The ability to implement the tools described in this book and take advantage of compound interest decreases too.

In other words, retirement is closer than you think it is. It's easy to "put it off" or think you "had plenty of time" to plan for retirement. But you don't want to come to the end of your working life like Debra Leigh Scott at the beginning of this book—broke and penniless and *considering suicide* as an alternative.

I know that sounds dire, and I don't want to scare you. But the time to take action is now. Not tomorrow or next week or when the "time is right." Before you know it, weeks, months and years will pass by and you reach your golden years wondering how you're going to have enough money to survive.

Here's another reason you need a skilled financial advisor at your side: you *don't know how long you're going to live!* You could build a retirement nest egg that'll get you to 82 years old, but what happens if you live to 92?

A skilled financial advisor is adept at building a retirement plan that takes into account a way to have an adequate stream of income for an unpre-

dictable length of time. That takes a very specific set of skills and knowledge of finance and investments—something that would take you years to gain yourself.

Further, there is no "one size fits all" formula for your retirement needs.

I gave you a lot of tips and tools you can use to determine how much money you'll need for retirement and how long you need your money to last, but—ultimately—you need a skilled financial advisor to help you play out a variety of scenarios that go into ensuring that your nest egg will be big enough to last 20, 30, 40 years into retirement.

You also need to take into account health care and long-term care costs into your retirement plan. These will come more into play as you start to age—and these are factors that many people who try to plan retirement themselves don't take into account.

A skilled financial advisor can help you take these variables into account and iron out your retirement planning. They will strive to help you make the necessary adjustments to your retirement plan so you're ready for any eventuality.

Not only that but just having a process in place will help quell some of the uncertainty and fear you could be feeling about retirement. Think about it: if you wanted to drive from New York to Los Angeles with no map or idea of where you're going to stay or eat, you'd start to feel pretty anxious.

However, if you took the time to plan how many miles you're going to drive each day, what hotels you're going to stay at, and what restaurants you're going to stop by for food, your cross-country trek is going to be a lot more relaxing.

That's why having a plan in place for your retirement—where you can figure out what kind of retirement you want and monitor your progress—could make a big difference in whether or not you'll retire comfortably.

One more thing: don't make the dire mistake of trying to become an "overnight" investment manager. You don't understand the intricacies and techniques of investments like a professional would—just like you wouldn't try to build a house yourself without the help of a contractor, electrician, or bricklayer.

So Now You Have Two Choices:

You can take the "pie in the sky" approach and assume things are going to pan out when it comes to retirement. I know that retirement seems like a fantasy and something that's many years away, but it will be here before you know it.

Or you can be proactive and start a retirement plan thanks to the help of a skilled financial planner and take steps right now toward a comfortable retirement.

Consider the alternative: constantly fretting and worrying about whether you're going to

have enough money to retire or scared that you're going to outlive your money and force your family or the State to take care of you.

All this can be prevented by doing something about it today. So I encourage you to schedule a complimentary consultation helping you to look at your most crucial issues in a new light, often providing you with huge breakthroughs.

We'll sit down and go over your retirement goals and the progress you've made to your retirement savings up to this point. We'll then create a full-fledged Retirement Analysis that'll include a plan to potentially increase your chances of having a stress and worry-free retirement.

We hope this book is helpful to you and thank you for taking the time to read it. We look for-ward to helping you reach your retirement goals.

Important Disclosure
This material is designed to provide what we believe is accurate and reliable information with regard to the subject matter covered. If legal, accounting, financial or other professional advice is required, a competent and qualified professional should be consulted.