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FINANCIALJOURNEYS

FINANCIAL & RETIREMENT PLANNING FOR LIFE

Redefining retirement

Today's retirees are choosing from a variety of retirement styles. What's yours?

Although an estimated 10,000 baby boomers reach retirement age every day, how each chooses to spend their free time can be quite different. Today's retirees wish to forge new identities and seek new experiences, while redefining how they spend their time and money.

See if one or more of these new retiree profiles resonates with you. Deciding how you'll stay busy can go a long way toward helping you plan and save for your dream retirement.

THE GIVER

Givers contribute time, talent and, yes, even money to support causes close to their hearts. While the typical American spends 20 minutes a day engaged in volunteer, civic or religious activities, the Giver over age 65 dedicates a half hour or more, according to the Bureau of Labor Statistics.

One retiree may use her musical talents to play the violin for hospital patients, while another works behind the scenes updating a nonprofit's website. Either way, it's all about making a meaningful difference.

Note: Givers may become too altruistic, spending more time and money than planned, undermining health or financial stability.

CARING CONTRIBUTORS REPRESENT 33% OF WORKING RETIREES.

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Redefining retirement (cont.)

THE ENTREPRENEUR

Entrepreneurs typically start a business that's different from a past career, bringing decades of experience, success, passion and emotional intelligence to their new ventures.

Goals include a fulfilling career, increased flexibility and enjoyment in their work. Some hope their new endeavors will becomes self-sustaining, while allowing for work/life balance.

NEARLY **3** OUT OF **5** WORKING RETIREES CONSIDER A DIFFERENT LINE OF WORK.

Note: A small business entails a business plan, startup costs, insurance and a financial plan. Work with a professional tax planner and financial advisor to build a successful venture.

THE THINKER

Thinkers have a deep desire for lifelong learning. They may retire in a college town, take classes, read for pleasure and engage in contemplative activities.

Many colleges and universities are designing courses aimed at this new senior class. Campuses can be found in areas with affordable housing, quality education, teaching opportunities, walking and biking trails, and excellent transportation, healthcare and entertainment options.

Note: If you've established a 529 plan for a child or grandchild, you may be able to use unneeded funds for your own continuing education. Ask your financial advisor about withdrawing funds without penalties.

COGNITIVELY ACTIVE PEOPLE ARE **2.6x** LESS LIKELY TO DEVELOP DEMENTIA OR ALZHEIMER'S.

THE EXPLORER

The Explorer dedicates up to a quarter of their financial resources on travel. These globetrotters invest in experiences and indulge their wanderlust while they have the health, energy and resources.

Good saving habits help Explorers immerse themselves among other cultures, foods and languages.

THERE ARE JUST AS MANY EXPLORERS OVER **75** AS AMONG YOUNGER GROUPS.

Note: Plan for ongoing travel expenses, desired location, frequency and duration, as well as inflation and foreign exchange rates. Health-related issues may become a limitation in later years.

THE PART-TIMER

The Part-Timer, like the Entrepreneur, seeks a career change, but may not wish to commit to a full-time position. Some favor mini-retirements – periods of work followed by intermissions for relaxation. Think consulting and contracting, for example.

Note: Returning to work, even part time, can incur expenses such as new work attire, transportation and dining out. Evaluate the impact of additional income on your current tax bracket, Social Security benefits, healthcare coverage, and potential contributions to retirement plans.

THERE ARE MORE THAN **7.16** MILLION PART-TIMERS AGE 55 OR OLDER.

THE FOODIE

Foodies prefer quality dining and enjoying the experience of the meal. They typically spend about an hour and 20 minutes when dining, relishing how food and drink increases their quality of life. They enjoy experimenting with new creations, introducing new flavors or bringing friends and family together.

FOODIES SPEND, ON AVERAGE, **28%** OF THEIR INCOME ON FOOD AND BEVERAGES.

Since the Foodie spends time shopping for and preparing meals, other expenses are typically lower.

Note: Food connoisseurs need to factor in healthcare costs and inflation, as well as utilities and transportation.

THE ATHLETE

Athletes may compete in triathlons or play tennis into their 80s and beyond. They stay in top form and enjoy training and competition.

As the Athlete eventually slows down, or faces sudden illness or injury, healthcare costs can account for a significant share of retirement income, including Medicare expenses, prescriptions or long-term care needs.

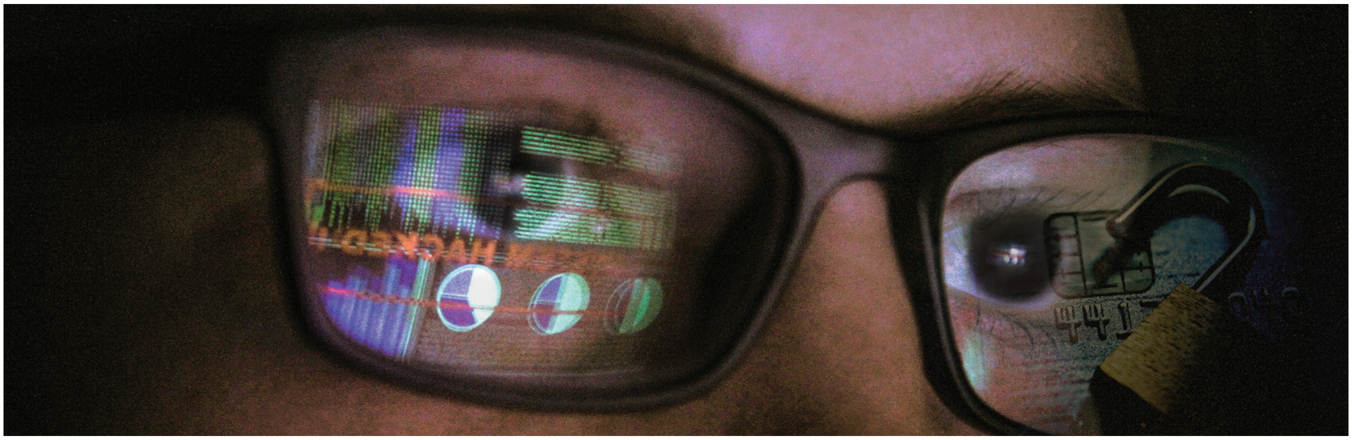
APPROXIMATELY 1/3 OF AMERICANS OVER **65** ARE CONSIDERED PHYSICALLY ACTIVE.

Note: It's important to budget for proper equipment and training. Select an appropriate Medicare or healthcare policy and account for expenses that aren't covered. Be sure to factor in inflation and long-term care or assisted living. ■

NEXT STEPS

- Decide what type or types of retirement styles you'd like to pursue
- Further explore the necessary steps to achieving your goals
- Talk to your financial advisor about the best strategy for turning your retirement dream into reality

Sources: Journal of Financial Planning: "How retirees spend their time"; Bureau of Labor Statistics; Robert S. Wilson, Ph.D., Rush Alzheimer's Disease Center; Work in Retirement: Myths and Motivation; J.P. Morgan "Cost of Waiting" study; President's Council on Fitness, Sports & Nutrition



Fighting fraud

Financial fraud is on the rise, but it is possible to outsmart a scammer?

Financial fraud costs older Americans more than $37.5 billion each year. Familiarize yourself with these common scams to protect yourself and your loved ones.

TELEMARKETING TRICKS

The opponent: Calls or sends letters encouraging retirees to buy fake products, donate to fictional charities or invest in nonexistent businesses.

Fight back: Register phone numbers with the National Do Not Call Registry and put mailing addresses on opt-out lists. Use third-party sites to verify a charity's legitimacy before donating.

MADE-UP MEDICARE

The opponent: Claims to be a Medicare rep and requests personal information. Or, the scammer provides false medical services before billing Medicare and keeping the money.

Fight back: Never give out your Medicare number. Check statements for erroneous charges or unreceived services.

TITLE COMPANY SCAM

The opponent: Intercepts email between you and a realtor or title company and provides fraudulent instructions.

Fight back: Beware of last-minute changes to payment instructions for a new property, or any other unexpected changes such as sender, jargon or multiple requests. Contact your title company directly rather than respond to the email.

DISTRESS DECEPTION

The opponent: Claims that a grandson or granddaughter is in an emergency, and then begs for money to be sent immediately.

Fight back: Never give money over the phone or in a high-pressure scenario. Confirm emergency claims with other family members before acting.

SWEETHEART SCAMS

The opponent: Claims to be in love with a retiree, intending to exploit them by requesting money or gaining access to accounts.

Fight back: Pay careful attention to new friends and romantic interests. Have friends/family meet or talk to the new companion to find out more. A con artist probably won't want to chat.

DEBT DUPLICITY

The opponent: Uses obituaries to contact new widows and widowers, claiming that the deceased had outstanding debts to be repaid.

Fight back: Limit details in the obituary and address legitimate debts before publishing. Call your financial institution directly to verify any claims.

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New schemes are being concocted all the time. Maintain open lines of communication with your loved ones to help all of you avoid common traps. Protect your personal information and trust your instincts. If a situation seems too good to be true, there's a chance it is. ■

NEXT STEPS

- Talk to your financial advisor about where you or a loved one may be vulnerable and ways to protect vulnerable assets.
- If you suspect a scam, immediately cease all contact with the scammer.
- Protect yourself through education. The Federal Trade Commission, Federal Bureau of Investigation and other government websites offer useful information.
- Report possible scams to the police or local law enforcement. Notify your bank if appropriate.

Sources: Raymondjames.com; consumer.ftc.gov

Who gets what, when?

It won't always be easy, but it's worth deciding how you want to share your legacy so the process goes smoothly.

Ready to decide who will receive what from your estate, and when? It can be an uncomfortable process, even under the best of circumstances.

Should you base your decisions on who wants what? Who deserves what? Or, what each family member is actually prepared to handle? With a few practical tips and a bit of prep, you can confidently address the main issues, while defusing any potential problems.

Here are a few tactics you may want to deploy, with help from your family and professional advisors:

1. Consider the preparedness of your potential heirs. Does each one have the financial know-how, education, or experience to support their role as a steward of your wealth? What is their relationship like with you and other family members? Have they expressed interest in upholding your financial legacy? An heir readiness checklist, which covers everything from your heirs' competencies to their roles as part of your legacy, can help you define an effective strategy for distributing your wealth. If you find your heirs are ready now, consider sharing part of their inheritance with them while you're still alive to guide them and enjoy how they mature as financial stewards.

2. Determine how to handle a wayward beneficiary. Options range from leaving your black sheep with nothing, allocating a smaller share than other family members outright, or establishing a well-structured trust that abides by your wishes or incentivizes behavior you'd like to see in your loved one. This last option may be a particularly smart solution if you're concerned the child in question may quickly burn through an inheritance. The key with all of these options is thoughtful communication beforehand to help maintain family harmony.

3. Talk to your kids individually to make sure each understands the details of your intentions. Or, you might want to leave a family love letter or ethical will explaining your desires. What you share and when depends largely upon the beneficiary's age and financial competency.

4. Once you've established your plan, hold a family meeting or series of meetings to share the details. Prepare what you hope to communicate ahead of time to ensure you accomplish all your goals. ■

NEXT STEPS

- Prepare your children to be good financial stewards.
- Rather than ignore the family black sheep, develop a plan to address concerns.
- Decide what estate details need to be covered, and then schedule a family meeting.
- Ask your financial advisor about additional resources to help guide your wealth management and estate planning.

Sources: Raymondjames.com; Nuveen Investments Wealth Management Services; forbes.com