



RETIREMENT GAME-CHANGERS

Strategies for a Healthy,
Financially Secure,
and Fulfilling Long Life

STEVE VERNON, FSA

Author of *Money for Life*

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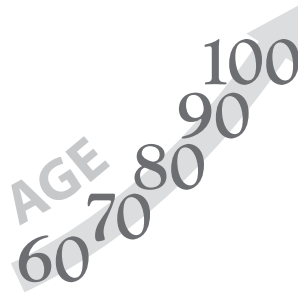
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INTRODUCTION TO OUR CHALLENGES AND OPPORTUNITIES



Millions of Americans will live a long time — possibly 30 years longer than our grandparents or great-grandparents. This is a game-changer for planning the last few decades of our lives, the period known as “retirement.”

How do we plan for these extra decades? How do we manage our finances, health, and general well-being so that we can enjoy this gift of time and not be a burden on our families and communities? As you approach retirement age, *how* you transition from the workforce into retirement is one of the most important series of decisions you’ll make. These decisions will be just as important and influential as the decisions you made as you entered adulthood, such as where you settled down, whether you married and started a family, and the career you chose.

Here are two true-life stories of folks in their retirement years that vividly illustrate the potential challenges we face and provide insightful lessons. Which of these stories would *you* like to live?

My parents’ retirement

For the first 15 years of their retirement, my parents, Jim and Mary, had the stereotypical dream retirement. They retired at the same time — Jim was 65, and Mary was 61. In their 60s and 70s, they were active with their grandkids and family, traveled with close friends, volunteered for causes they believed in, and pursued hobbies and interests. At the beginning of their retirement, they were vital and healthy due to constant exercise, good nutrition, and healthy body weight. They lived the type of retirement life that you see in glossy advertisements about retirement. Perhaps this is the type of retirement you dream of.

Eventually, though, my parents aged out of their active retirement. Each developed heart conditions, and my mother suffered from breast cancer. Medical technology extended their lives by several years with bypass surgeries, modern cancer treatments, and prescription drugs. In his last few years, Jim declined physically and mentally and unfortunately needed substantial care, until he passed away at age 88.

Mary ended up living 31 years in retirement — more than one-third of her life. She survived Jim by eight years, also needing substantial care but only in her last year. When she passed away at age 92, she was amazed that she lived that long, and she was grateful for such a good life and supportive family.

My parents never worried about running out of money, due to smart choices and careful planning. They enjoyed substantial social support from nearby family and friends. They built the financial and social resources for a long retirement, and it paid off for them and all their extended family. They provided a good example for us to follow.

A different retirement

On the other hand, our neighbors Frank and Betsy had a different story. We met Frank and Betsy when he was in his early 80s and she was in her early 70s. Frank had retired, but Betsy was still working so she could pay for assisted living care for her 102-year-old mother. She also needed to work to continue saving for her own retirement. Then they learned that Betsy's 97-year-old aunt needed to move in with them because she had run out of money. The aunt lamented that she never thought she'd live that long.

Both Betsy's mother and her aunt had long retirements, but they hadn't adequately prepared because they never dreamed they would live that long. As a result, their long-life challenges substantially impacted their families. Of course, Frank and Betsy stepped up to the plate and took care of their beloved mother and aunt, but it took a toll on them. Betsy kept working until her mother passed away at age 107 — but quit soon after because she could no longer work for health reasons.

As you can see, your decisions regarding your financial security, health and well-being will significantly impact the rest of your potentially long life. It's probably sobering to realize that the decisions you make will have a ripple effect on your family and close friends.

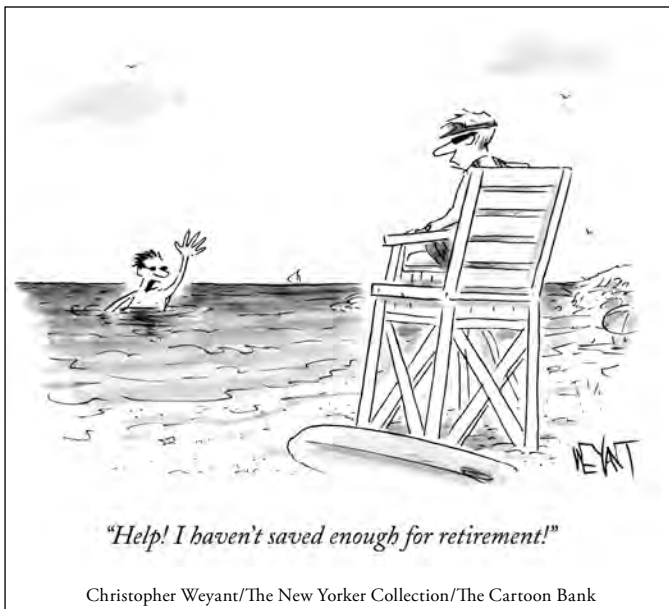
I say this not to scare you, but to get your attention and encourage you to make the effort to design the best possible retirement for yourself. I wrote this book to help you make effective decisions that best support the life you want for *all* your

retirement years. By planning ahead, I hope you'll have a positive impact on your family, friends, and community for your remaining years, and minimize any burden you might place on them.

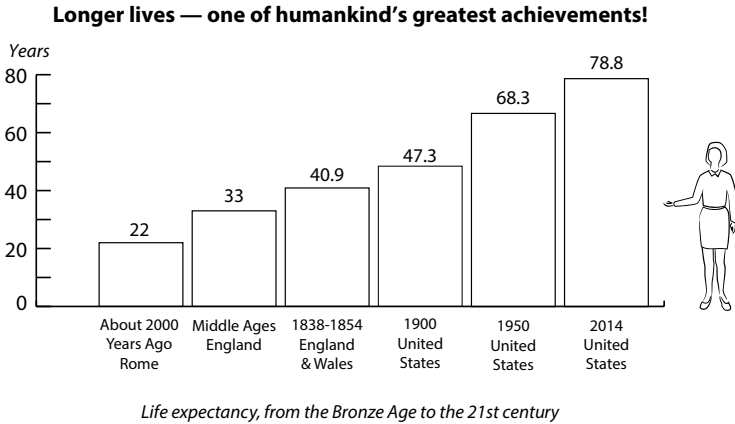
Longevity in the 21st century

Longer lives aren't the only game-changing challenges that boomers face today. You'd have to be Rip Van Winkle to be unaware of boomers' plight as they approach their retirement years: They're facing such issues as inadequate savings, lack of pensions, poor health, an uncertain economy, and difficult job prospects. To add to the anxiety, the long-term sustainability of important programs such as Social Security and Medicare is questionable, which only increases the hurdles that boomers face as they enter their retirement years.

Let's throw him a life-saving ring!



But you may not have realized that these significant challenges exist due to one of humankind's greatest achievements. On average, Americans and citizens of other developed nations have been given a gift of 30 years or more of additional life that they can expect to enjoy compared to prior generations.



For example, average life expectancies at birth in the U.S. increased from 47.3 years at the beginning of the 20th century to 78.8 years by 2014 — that’s more than 30 years.^{1,2} Much of these gains in life expectancy came from public health advances that are widely available to most citizens — safe sanitation and efficient waste disposal, clean water, vaccinations against deadly infectious diseases, abundant supply of food, and electricity and refrigeration to keep our food fresh and safe.

Paradoxically, however, some elements of our 21st century society stack the deck against living a long, healthy and financially secure life. We’re bombarded with persuasive advertisements to spend all our money, go into debt, and eat too much unhealthy processed food and beverages. We often don’t get enough exercise, which has somewhat been caused by modern conveniences such as automobiles, appliances, and power tools. Many people now sit at their jobs all day long, an unexpected consequence of our “easier” lives now that research has shown that sedentary behavior is a serious health threat.

These days, society sends a powerful message that retirement is the best way to complete your life — that it’s your right to retire and enjoy a work-free life — but it provides only modest support to help us achieve that goal. For example, many companies have eliminated the traditional pension and retiree medical plans that enabled the retirement of the prior generation of middle-income workers. In addition, the sustainability of important programs such as Social Security and Medicare is threatened by the inability of our political leaders to make hard but necessary decisions. And the rising cost of health care is a serious threat that we all need to address.

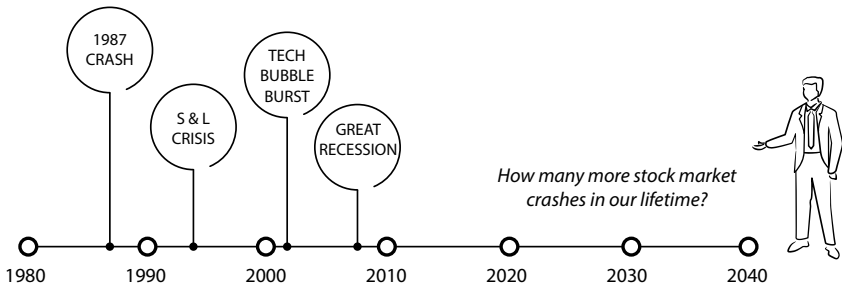
But that’s not all we have to be concerned about. Let’s look at another game-changing challenge that our gift of long life creates.

Recession-proof your retirement years

During the 20 to 30 years you'll be retired, it wouldn't be safe to assume the economy will flourish — you have to be prepared for the downturns, too. For instance, if you look at the 30-year period from 1987 to 2017, you'll see there have been four major meltdowns during this time; each one packed a potential knockout blow to retirees hoping to live on their financial resources.

It may be sobering to consider that you'll most likely experience a few more meltdowns in the economy in the next few decades. But an important part of your retirement planning should include making the right financial plans to help you survive future economic meltdowns.

Build your retirement plan to last



It's a good time to be aging

In spite of the serious challenges we face as retirees, I still believe it's a good time to be aging, which is why I'm enthusiastic about rolling up my sleeves and dealing with these issues. Fortunately, we won't have to do this without guidance. For instance, there's plenty of scientific and medical research that informs us how to live long, healthy lives. Social research shows what makes us happy and gives us meaning, particularly in our later years. There are many robust, efficient financial products and services, as well as nonprofit organizations like AARP, Area Agencies on Aging, and local nonprofit service groups that advocate for seniors and provide helpful resources. And these resources are at our fingertips because of the internet.

None of these resources were available to our parents' generation, so we've got a tremendous head start. We have a robust toolkit of game-changing strategies and insights we can use to address our serious challenges.

There's a big difference, however, between these recent 21st century advantages and the advances in the 20th century that contributed to the gift of 30 additional years

of life. Our parents' generation automatically realized the gains in the 20th century — they didn't have to expend much effort or make decisions to take advantage of the public health advances during their lifetimes. In today's world, however, we need to make conscious choices between the elements of society that are supportive of long, healthy lives and those that work against that goal.

Because of these trends, I like to think that our gift of extra years of life came with some strings attached. That is, we'll need to spend the time and effort it will take to live well during most of these extra years, and not be a burden on society or our children. Since we're the first generation to face these challenges, we're navigating uncharted waters, and it's up to us to make the best of what we've got.

Nobody promised it would be easy for the millions of us living today to add 30 years to our average lifespans. Your new “retirement job” is to face up to the accompanying challenges to decide how to make the most of this gift of these extra years of life.

Some people are enthusiastic about the possibility of living a long time. Others say they aren't, having seen their parents suffer in their later years. Regardless of your views on the topic, there's a good chance you *will* live a long time, so it only makes sense to take steps to live long and live well.

We need a plan!

You've probably heard this before: Failing to plan is planning to fail. Simply put, planning increases your chances of success. And planning for your future is a much better idea than winging it, which so many people do. According to various surveys, only half of survey respondents do any planning for their retirement years.^{3,4} *This is a big mistake!*

But you'll need more than a simple retirement plan. In today's world, you'll need a detailed retirement plan that recognizes and addresses the fact that you might be living with your plan until your late 80s, 90s, or even 100s.

Money is a very important part of your retirement plan, and many retirement books focus just on your finances. *Retirement Game-Changers* covers the essential financial decisions you need to make to live a long time without going broke. However, it goes beyond finances to cover lifestyle choices and life planning that will enhance your health and well-being as well. These decisions are just as important as your financial strategies for your prosperity and longevity.

To have the most successful retirement, you'll want to make a series of essential decisions regarding your money, health, *and* well-being. All of these decisions will intertwine and reinforce each other. This multifaceted approach will be particularly important for boomers who have modest financial resources.

Planning doesn't need to be rocket science, which is why I've focused on simple strategies that most people can understand and implement on their own. To help you focus on the most important decisions you'll need to make, I've organized *Retirement Game-Changers* into four sections:





- **Prepare**, which describes the overall plan and necessary preparation
- **Secure**, which helps you build the foundation of financial security you'll need throughout your retirement
- **Engage**, which goes beyond finances with smart choices that affect the other areas of your life
- **Evaluate**, where you can track your progress with the Retirement Reality Check



Let's be clear: Planning isn't magic and it doesn't guarantee a long, healthy, financially secure life. Things can still go wrong even when you have a good plan in place. And you can't just create your plan, then file it away. Most likely, you'll need to adjust your plan to respond to events that will unfold in your life and our society over the next few decades.

You'll be in a much better position to deal with life's curveballs, however, if you have the basics covered: money in the bank, reliable and steady income, good health, the right insurance, and family and friends who can help when you need it. Planning will increase the chances that you'll achieve all these goals.

Navigating *Retirement Game-Changers*

To help you understand and remember the ideas and strategies in this book, I've created these navigational guides and icons:

- Each chapter starts with Mistakes to Avoid  and Game-Changing Strategies to try. 
- Each chapter ends with Action Steps  and Helpful Resources. 
- I've also highlighted some ideas that deserve special emphasis, along with wisdom from several experts on various topics.

- Along the way, I'll warn you about "Traps for the Unwary," which are common pitfalls that can set you back. 
- To have a little fun, I'll share "Retirement Planning Tips from Your Dog." 
- Finally, the book contains several checklists that can help you stay on track as you're working on your plan.

Retirement Game-Changers is packed full of insights, ideas, and strategies. It's not a book you can read and absorb in a few sittings — it will take many hours to read about the action steps and fully grasp the concepts in this book. You'll also need to spend time doing your own research about the strategies, products, and services that best meet your specific goals.

But don't let the amount of time or effort you'll need to invest dissuade you from getting started. The game-changing challenges we face and the strategies we can use deserve a certain level of detail. I encourage you to pace your reading by tackling and absorbing one chapter at a time. You're setting up your financial security and enjoyment of life for the rest of your life, and it's going to take some time and patience to do the job right.

Many readers may not choose to adopt *all* the strategies I'm suggesting in this book. The more strategies you can adopt, however, will make you better prepared to face the significant challenges in our future.

Turn our challenges into an opportunity

This book shares game-changing strategies and actions you can take to successfully address the serious challenges we face during our retirement. But there's more to a long life than just simple survival. I encourage you to view these challenges as an opportunity to make your final years really count. Use this gift of extra life to make a positive difference with your family, friends, community, and society at large.

Remember, you're planning the most important period of your life — the rest of the time you have on earth. To help, it's a good idea to include your spouse or partner in this effort, so that he or she provides input into your plans and can continue them if they should survive you. You'll also want to kick things around with your family and close friends to get their insights and gain their emotional support.

Americans will need to be resourceful and resilient to face the serious challenges that come with their gift of longevity, and to use the game-changing tools and strategies to their best advantage. Do a thorough job with your planning, and you'll have the optimism to view these challenges as an opportunity.

Boomers are up for the challenge of changing their retirement game! Over the years, they've taken pride on being informed and fully participating in their future, and not just accepting their fate. It will be no different with planning their retirement years.

About the author of *Retirement Game-Changers*

I don't sell annuities, insurance, or investments, so my recommendations aren't influenced by how I earn money; this enables me to tell it like it is. Throughout this book — and elsewhere — I'll give you an unbiased perspective on strategies you can use to help you live long and well.

I have 40-plus years of experience as an actuary, helping employers design and manage their retirement and benefit programs.* I've studied and researched retirement for my entire career, and lately I've given a lot of thought to planning for my retirement years. This book shares many of the strategies I'm applying to my own situation.

What's different about this book?

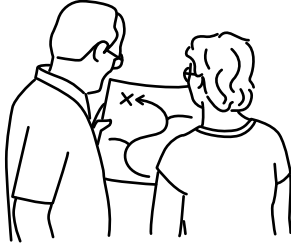
- Straightforward, workable strategies
- Holistic long-life perspective
- Research-based
- Unbiased guidance
- Insights to stay on track
- Helps you succeed

I think you're ready, so let's get started.

*Actuaries are professionals who measure the risks of important but unpredictable life events — risks such as death, serious illness, accidents, and outliving your money during retirement (living too long is considered a risk!). We design financial programs to mitigate these risks, such as life, health, and disability insurance, pension plans, and 401(k) plans. As part of our training, we study the mathematical chances of these life events happening, along with the types of investments and financial products and services that will protect individuals from the adverse consequences of these events. We've been called the “architects of financial security.”

I.

PREPARE



Have you ever watched how skilled artists, carpenters, or painters start important projects? They don't just pick up their tools and start painting, sawing, or hammering. They take the time to complete the necessary planning and prep work, which are essential steps for a successful project. It's the same with your important life project — your retirement planning.

In this section, you'll start your prep work with important perspectives on retirement that have the potential to save you lots of money and increase your enjoyment of life. These perspectives will help set the stage for all the strategies that follow in *Retirement Game-Changers*.

It will take a lot of patience and persistence to carry out the steps described in this book. As a result, you'll want to pay attention to motivation and inspiration — a critical yet often overlooked aspect of retirement planning. You'll increase your chances of success if you embrace strategies to give you the strength and resilience to follow through with your planning.

One of the first necessary steps is to collect your critical documents and papers to help you implement the financial strategies in the second section of the book. You'll see a robust checklist that helps you with this task.

Have patience and proceed at your own pace. It will be a long journey, but well worth your efforts!

CHAPTER 1:

PLAN FOR A LONG RETIREMENT



DON'T MAKE THESE MISTAKES:

- ⊘ Just *hope* that the rest of your life will turn out OK. Hope is not a strategy!
- ⊘ Plan for just the next few months or years, or just for your “go-go” years.
- ⊘ Focus exclusively on the “vacation” aspect of your retirement years.

TRY THESE GAME-CHANGING STRATEGIES:

- ➔ Plan as if you might live to 90, 95 or even 100 – because you and/or your spouse just might live that long.
- ➔ Develop and follow a thoughtful plan that includes strategies regarding your happiness, health, and financial security for all phases of the rest of your life.
- ➔ Redefine your retirement to meet your unique life goals and resources.
- ➔ Plan for a “second middle age” between your career years and full retirement.
- ➔ Prepare for possible frail years at the end of your life.

Retirement planning sure isn't what it used to be

Until recently, the conventional definition of retirement meant “not working” for an extended period at the end of your life — an idyllic period during which you traveled, spent time with your grandkids, and pursued your hobbies and interests. Retirement was the answer for anyone who was tired of working, thought they were unable to work, or had reached the “golden” age of 65, the age many people consider to be the end of their working life.

Planning for this type of retirement was straightforward: Make sure your Social Security, pension, and savings could cover your living expenses, participate in Medicare, and possibly buy supplemental medical insurance. Then start having fun.

But the conventional definition of retirement has some problems for those of us about to enter that phase of our lives. First, people are living longer, healthier lives, which requires very high savings levels to accumulate enough money to enable us to “not work” for a very long time. To compound this problem, many older workers today don't enjoy the same economic resources or safety net that enabled the retirement of prior generations of retirees.¹

The second problem: Evidence is accumulating that full retirement may not be the healthiest or most fulfilling way to spend your later years. Instead, research shows that people who work or volunteer in their later years are often healthier, live longer, and are less likely to develop dementia than their peers.^{2,3}

Planning for the new retirement is much more involved and complex than the retirement planning that worked for our parents. This chapter gives you some broad perspectives on retirement planning to help you address the challenges mentioned above. Here we'll focus on:

- Reframing retirement planning and redefining your retirement years
- Preparing for the new arc of life in the 21st century, including the “second middle age” that many people are creating
- Planning beyond the “vacation” aspects of retirement
- Learning how long you might live, and how to plan accordingly

These perspectives will help you understand and appreciate the specific strategies described in this book.

At least he's planning! *Retirement Game-Changers* shows you a better plan.



Focus on happiness, health, and fulfillment

Most people really just want to be happy, healthy, and satisfied with life, and they think that retirement will help them achieve these goals. But if full retirement isn't realistic or practical in your 50s or even your 60s, can you still achieve these goals without retiring full time? The game-changing answer is to "reframe" your retirement years — a concept advocated by design thinkers.

Since we're reframing retirement planning to figure out how to be happy, healthy, and satisfied with life rather than just how not to work, let's explore a bit about what makes people happy and fulfilled. It's a topic that's intrigued philosophers and psychologists for ages. For our purposes here, I'm proposing that you focus on two key guidelines for happiness in your retirement years.

First, start out by thinking about the ways in which you can avoid being unhappy. There are many ways you can become unhappy with your life, including with your love life, your family, your work, and so on. For the purposes of this book, we're going to focus on the ways in which not having enough money to live on in your retirement years or having poor health can affect your happiness and therefore your retirement. These are both important aspects of your life that can get disrupted when you retire from your career

job. It'll be an important part of your planning to do what you can to avoid being unhappy with your finances and your health.

This brings us to the second guideline: to think about what makes you happy and satisfied with life. For most people, it's some combination of work, play, and social engagement, but finding the right combination for *you* is the key to smart planning.

Because many career workers get too much “work” and not enough “play” during their working years, playing more is an important goal for their retirement. However, there's much more to a successful retirement than just “more play.” For instance, many people derive much of their social engagement and life satisfaction through work. If this is true for you, you'll need to be conscious not only about building a robust social life after your working life has ended, but also what you can do to fulfill your ambitions for life once you retire from your job.

An important retirement planning goal is to determine which of the three areas of life — work, play, and social engagement — needs improving in order to enhance your overall happiness. And remember: Only you can determine what will make you happy. So don't let anyone — family, friends, acquaintances, even so-called experts — try to tell you what you “should” do to be happy. Defining the life *you* want for your retirement years is essential to your happiness and can help you determine how much income you really need to support that life.

Define your retirement

When I tell people in their 40s, 50s, or 60s that they might need to keep working until their 70s because they won't have enough savings to retire, the most common reaction I get is, “No way! I can't see myself working that long.” That's often because many older workers are unhappy with certain aspects of their work and they think that retirement will fix those problems.

Their reaction identifies a critical problem that needs to be solved as you consider when you should retire: What is it about your work that makes you think retirement is the only answer? Are you working too hard or too many hours? Are you bored with your work and ready for new things? Are you tired of the commute or the people you work with?

Then fix those problems, because full retirement in your 50s and 60s is often not the best solution. And it may not even be feasible or affordable given the meager savings many boomers have accumulated (this is another important aspect of reframing the retirement problem).

People often define retirement differently. For many people, it means transitioning from the full-time career or job they've held for many years. Beyond that, however, there are many possibilities, including these:

- The traditional retirement — “not working”
- Part-time work in your current job or career
- A new job or career, either part time or full time
- A bridge job for a few years until full-time retirement
- An encore career that may last an extended period
- Self-employment or business ownership
- A volunteer position for a cause you believe in

All these different options lead me to offer a more expansive definition of retirement for older workers to consider:

Retirement means improving your life by changing your work.

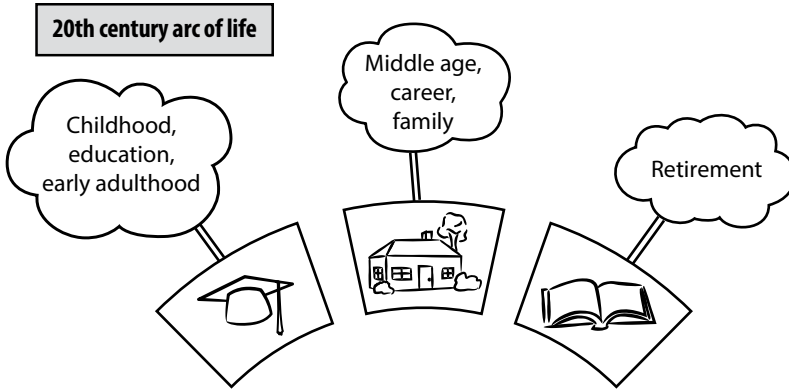
Actually, when you look at it this way, you might benefit by “retiring” at different stages throughout your life. At any age, if you really don't like the work you're doing, don't continue to live a deferred life, waiting for retirement to make your life better. Rather, look for ways to make your work support the life you want.

As you plan for your retirement, ask yourself if you'll still be happy, healthy, and fulfilled if you need to work longer than you'd planned, or if you need to spend less money compared to when you were working full time. Answering these questions can help you devise a more realistic and successful retirement plan, one that works for you.

Prepare for the 21st century arc of life

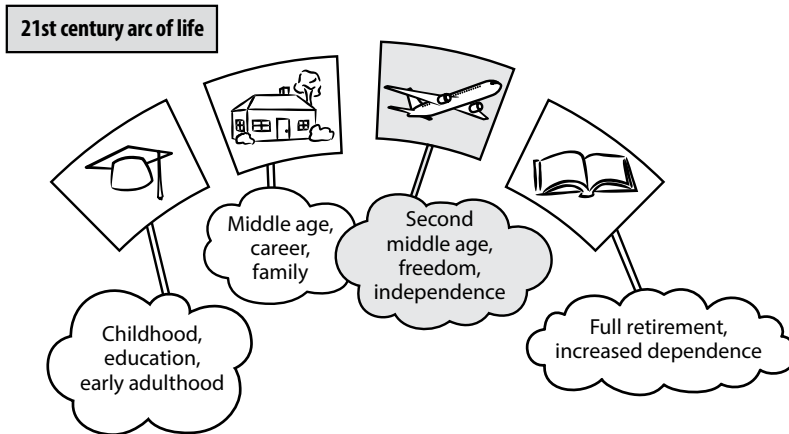
Prior generations experienced a life cycle that could be generally broken into three stages:

1. Childhood/education/early adulthood
2. Middle age/career/raising family
3. Retirement/leisure/elderhood



These days, it’s perhaps more realistic and fulfilling to blend and/or spread out these phases. For instance, maybe you’ll decide to enjoy more leisure time before a full retirement. Or maybe you’ll go back to school in your 40s to learn the skills for a different career. Or you might decide that working longer is the best plan for you, although you might work differently in your later years (shorter hours, different job, or a new field of interest, for instance).

Here’s another perspective on reframing the arc of life. With the extension of lifespans, we’ve effectively created a second “middle age” — a term popularized by a few experts.^{4,5}



During your second middle age, you’re still active, vital, and productive, but you’re no longer raising a family or aggressively pursuing the career of your first middle age. As you transition out of the first middle age, it’s important to distinguish whether you want to transition into full retirement or into your second middle age.

“Freedom” can be one good word to describe this second middle age. At this stage, you’re free from the expectations of others. Free from preconceived notions of how you might live your life. Free from the responsibility of raising a family. Free to do what you’ve always wanted to do. You can break free from the advertising influences that tell you to spend your time and money in unhealthy and unfulfilling ways. You can break free from the consequences of unconscious choices you might have made earlier in your life.

Another good focus during this second middle age can be “independence.” Your financial independence may come from wages, self-employment, financial resources, government benefits, efficient sharing of resources, or, more likely, a creative combination of all these solutions.

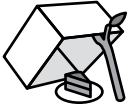
“If you asked people ‘Where would you put an extra 30 years of life?’ most likely they wouldn’t say they’d like to make old age even longer. Fortunately, we have the opportunity to extend youth and middle age, too.”

**—Laura Carstensen, PhD, Founder,
Stanford Center on Longevity**

If you’re working during this second middle age, you might gain independence by redefining your career to better suit your goals and circumstances at this stage in your life. You might choose to do more work that you like and less work that you don’t like. To make that happen, you’ll need to keep your job skills up-to-date, which may require a recommitment to learning, obtaining new credentials, or pursuing alternative careers. You might even work fewer hours to free up time to pursue your interests.

Of course, this could also mean you’ll make less money, but perhaps you’ll buy less stuff because you’ll be making more conscious spending choices. If so, you’d be in good company. One study from Merrill Lynch and Age Wave shows that 95% of retirees prefer enjoyable experiences rather than buying more things.⁶ You’ll want to think hard about this question: Are you willing to spend less money to gain your freedom in retirement? Or are you willing to work to earn more spending money? Often you can’t have it both ways, so you’ll need to make a choice.

The goal, not just in this second middle age but also in retirement, is to extend the life period of freedom and independence for as long as possible — to be physically fit, mentally sharp, functionally independent, and financially secure well into very old age, perhaps well into your 80s or even 90s, if possible.



Focusing just on your go-go years: A trap for the unwary

Many people focus just on the active, “vacation” phase of their retirement – travel, exercise, hobbies, possibly working part time or volunteering. Some people call these the “go-go” years, although they can also be referred to as the second middle age identified above. For many people, it’s inevitable that you’ll age into “slow-go” years, where you’re less active and less interested in traveling or working. Eventually, you might reach the “no-go” years where you just want to stay put in your home and local community. You’ll want to plan for all these different phases of your retirement.

Plan beyond your second middle age

No matter how healthy and capable you may be in your second middle age — aka the go-go years — many people may still experience a period of physical decline and illness in their late 80s or 90s. After your second middle age comes these final life stages — the slow-go and no-go years — characterized by increasing frailty and dependence. During this period, you’ll most likely be unable to work for pay and will need to rely exclusively on financial resources, family, and government benefits.

You may also be relying significantly on others for care, assistance, and support with daily living. As many of us witnessed our parents’ final years, we gained insight into the challenges and realities of this phase of life. This experience may have led many of you to take steps to avoid being a burden on your children or society. If you haven’t already done so, it’s time to start thinking seriously about what those steps will be for you.

The fact is, as you age, your needs will change. As you plan for your retirement, you’ll want to plan for *all* phases of your *rest-of-life* — the go-go years, the slow-go years, and the no-go years. You’ll need to make financial and life-planning decisions for all these stages, so you’ll have the resources you need to support yourself no matter what stage you find yourself in.

Answer the “who-what-when-where-why” of retirement

Part of effectively planning for your retirement includes answering the following questions:

- **Who** do you want to live or spend time with?
- **What** will you do?
- **When** will you retire?
- **Where** will you live?

For each of these questions, you need to ask yourself “why” it’s important to you. There’s a good chance it will take some time for you to determine the answers to these questions — that’s only natural. That’s why you’ll want to start thinking about them well before you retire.

Your answers to the “who-what-when-where-why” of retirement will be key to helping you develop strategies that address one last question: “How” will you afford to retire? Fortunately, that’s the focus of this book, and my strategies will help you discover just how to do that.

Learn how long you might live

Another key element of reframing your retirement involves thinking about how long you might live. While you may not get the exact number right, it’s a critical piece of retirement planning you shouldn’t ignore. By estimating the number of years you have left, you can more reasonably evaluate your finances and lifestyle.

If you’re like many people, you probably suffer from two common misunderstandings about your longevity.

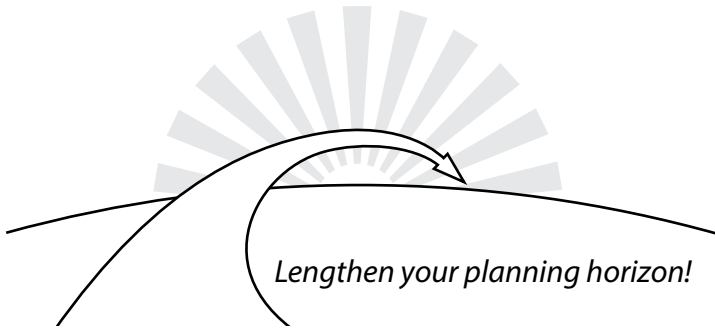
First misconception: You focus on average life expectancies as reported in the media. You might have heard that the average American lives until their late 70s, but that’s the wrong number for aging boomers to focus on. That’s the average life expectancy *at birth*, which factors in everybody who dies from childhood through mid-adulthood. But if you’ve lived to your 50s or 60s, you’re in a more select group of people who’ve been healthy enough — or lucky enough — to make it that far.

Instead of relying on the average life expectancy at birth, you’ll want to estimate the remaining number of years you can expect to live, given your current age. Chances are good you’ll learn that you might live into your late 80s or 90s.

In addition, if you have a college degree and/or have had a steady job with good benefits throughout your working life, research shows you’ll most likely live even longer than the averages that reflect the entire population.⁷

Given this information, most older workers and new retirees should be

planning to live for two to three more decades. The trouble is, many people make choices that make it seem as if they're planning for short lives. In fact, research shows that most people plan ahead for just the next few months or years.⁸ And while that focus might be sufficient while you're working, as you transition out of the full-time workforce, you'll want to lengthen your planning horizon to the rest of your life, which for many of you will be 20 years or more.



Second misconception: You think your life expectancy is your destiny. If you use one of the available online calculators to estimate your life expectancy, keep in mind that the estimate it gives you isn't your destiny. A life expectancy is just an average period you might expect to live based on assumptions about mortality rates. Think of it more like an educated guess. It's entirely possible that you could live well beyond your calculated life expectancy — or fall well short. Using statistical terms, the standard deviation around calculated life expectancies is quite large.

To fully grasp the issues involved with life expectancy, use one of the online calculators shown in the “Helpful Resources” section at the end of this chapter to determine your own estimated life expectancy. Most likely, you'll realize that:

- You might live much longer than you think.
- Many factors will influence your longevity, including lifestyle decisions that might increase the odds that you'll live a long time.
- If you're married or in a committed relationship and you both estimate your life expectancies, you may find that one of you could outlive the other by many years. If you really care about your spouse or partner, you'll want to make sure they'll be financially secure after you're gone.

Once you have a better idea of how long you might live, it might take a lot of effort to complete the necessary planning to ensure that you have the resources

you need to live that long. But that's only to be expected if you want financial security for a few more decades of your life.

Plan, plan, plan

So how do you go about starting to plan more carefully for your retirement? Financial planners often ask you to first define your living needs, so they can tell you how much money you'll need during retirement, which, in turn, tells you when you can afford to retire. The trouble with this approach is that you might end up needing a lot more money than you have now or can accumulate before a reasonable retirement age. Then you end up thinking you can't afford to retire until you're 80.

Most people, however, manage their finances the other way around: They determine how much income they have, then they manage their living expenses budget to match their income. In fact, since that's the way most people have managed their finances during their working years, it's only natural that you continue planning this way during your retirement years.

One idea might be to blend both approaches with your retirement planning. Here's how it could work: When you complete your Retirement Reality Check in Chapter 17, you might find you won't be able to afford the retirement life you'd planned for. Hopefully that will trigger some smart thinking and decisions to help you make your money last longer. The primary decision you'll need to make is to decide whether you can reduce your living expenses in retirement or whether you should work longer. But don't wait too long! I'd rather you make these decisions now, compared to winging it and then reaching your 80s and running out of money. Then you'll wish you'd planned better before you retired.

Here's a systematic process you can use to make conscious and informed decisions about your retirement⁹:

- Identify any **barriers** to retiring. Usually these are financial, such as not having enough retirement income or not having access to affordable medical insurance. These are retirement “deal-breakers,” meaning that you can't retire until you figure out how to address these barriers.
- Inventory and assess your **retirement resources**, as described in Chapters 3 and 10. These are typically plans or tools that address your retirement income, such as Social Security, Medicare, retirement plans at work, IRAs, medical insurance, and so on.

- Once you develop strategies to overcome the barriers and enable your retirement, you still might not be ready to retire. So next, think about the **factors** that might influence you to **keep working**. Perhaps you enjoy your work, like your co-workers, or simply want extra spending money. Or maybe you'll feel more secure if your retirement resources grow more before you permanently leave the workforce. Write down the reasons why you might keep working. If these factors are really important, continue working if you can.
- Next, think about the **factors** that might influence you to **retire**. Do you have compelling things you want to do with your life that retirement can enable, such as traveling or pursuing your interests? On the other hand, are there negative factors about work that are compelling you to retire? Are you tired of the work you do, don't like your boss, are tired of the commute, or feel as if you're no longer appreciated? Write down both the positive aspects of retirement as well as the negative aspects of continuing to work.
- Be aware of **triggers** that can influence you to retire. This can include reaching certain milestones, such as eligibility for Social Security or Medicare, the retirement of co-workers or friends and relatives, or grandchildren being born. It can also include a frustrating experience at work – “That does it! I'm outta here!” Write down the triggers that might influence you and the strategies you'll adopt in response. But don't make a hasty decision. Instead, recognize triggers when they happen, let the immediate emotions pass, and make sure you stick to your carefully designed plans.

The people who do best in retirement have been able to “retire to” a positive vision of life they've built for their retirement years instead of “retiring from” the negative aspects of work. So think hard about what you'll enjoy by retiring rather than what you'll escape from by no longer working.

Finally, be aware of your typical decision-making style, which can influence your retirement planning. For instance, people who typically make impulsive decisions based on their feelings should consider slowing down their decision-making process and carefully considering the financial implications of working versus retiring. By contrast, people who exclusively focus on numerical calculations might benefit from reflecting on how they *feel* about work versus retirement. Or maybe they should join a discussion group and work together with the members of the group to reflect on the pros and cons of retiring versus continued work.

Are you married or in a lifelong relationship? You'll certainly want to include your spouse or partner in your planning. After all, they're sharing your life path (and most likely your finances) and may need to carry out plans you've made after you're gone. You should specifically involve them in financial decisions, especially when you're working with a financial adviser.

Not your parents' retirement plan!

The new retirement described in this chapter might not work for everybody. Many people still work in physically demanding jobs and will be unable to continue working in their later years; in that case, they'll need to transition from their first middle age directly to full retirement. Others may not have the wherewithal to make the necessary plans or changes in their lives that will help them live the retirement they want. Nevertheless, this new vision might be the most realistic for millions of workers who are approaching their retirement years.

The planning I'm suggesting here may not be easy, but it might be necessary. It might also be invigorating and exciting. After all, you're taking matters into your own hands and making plans for the rest of your life.

What's very likely is that you won't have your parents' retirement and will need to complete more planning than they did. But it will be *your* retirement, and you can make it happen with thoughtful planning.

Because we face significant retirement challenges, we'll need to sustain our motivation to remain focused on potential solutions. As a result, before we discuss the specific strategies you'll need to use to plan for your finances, health, and well-being, let's dig into the next chapter, which gives you some ideas and strategies to help motivate and inspire you for success. It's a critical part of your game-changing retirement plan.



ACTION STEPS:

- Ask relatives and close friends who've retired about the steps they've taken that have worked well for them. Also ask them about any regrets they might have.
- Think about the definition of retirement that makes the most sense for you. Reflect on whether you'll want to transition directly from middle age to full retirement, or if you'll have an extended second middle age.
- Consider how important your freedom from working is compared to the need to generate income to spend during retirement.
- Answer the “who-what-when-where-why” of your retirement years. Write down your answers — they'll be key to the plans you'll be making based on this book.
- Write down the reasons why you might continue working, the reasons why you want to retire, and the triggers that might influence both of those decisions.
- Using one of the online calculators listed in this chapter's “Helpful Resources,” estimate how long you might live, including the possible variance from the averages. If you're married or have a life partner, ask them to do the same so you can see how long your resources might need to last for both of you.



HELPFUL RESOURCES:

Books

- *Aging Well: Surprising Guideposts to a Happier Life from the Landmark Harvard Study of Adult Development*, by George Vaillant. Hachette Book Group, 2002.
- *A Long Bright Future*, by Laura L. Carstensen, PhD. PublicAffairs, 2011.
- *Project Renewment: The First Retirement Model for Career Women*, by Helen Dennis and Bernice Bratter. Scribner, 2008.
- *Successful Aging*, by John W. Rowe, MD, and Robert L. Kahn, PhD. Dell Publishing, 1998.

Websites

- Longevity Illustrator. This website, prepared by the Society of Actuaries and the American Academy of Actuaries, provides estimates of life expectancies for both individuals and couples: <http://www.longevityillustrator.org>
- Life expectancy calculators. These websites consider your family history and lifestyle choices, and make suggestions for improving the results:
 - www.livingto100.com
 - www.bluezones.com
- *Managing Retirement Decisions*, maintained by the Society of Actuaries.
 - “Big Question: When Should I Retire?”
 - “When Retirement Comes to Soon”
 - “Women Take the Wheel: Destination Retirement”
<https://www.soa.org/research-reports/2012/research-managing-retirement-decisions/>