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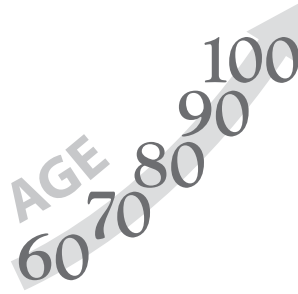
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# INTRODUCTION TO OUR CHALLENGES AND OPPORTUNITIES



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.

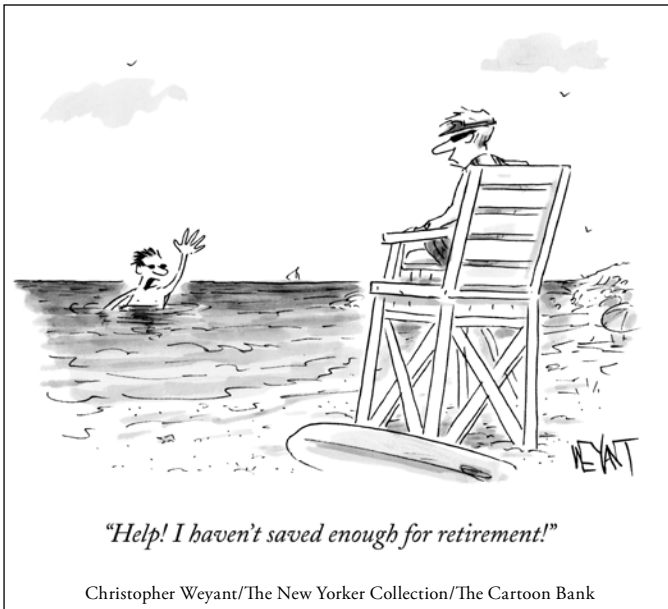
I say this not to scare you, but to get your attention and encourage you to make the effort to design the best possible retirement for yourself. I wrote this book to help you make effective decisions that best support the life you want for *all* your

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.

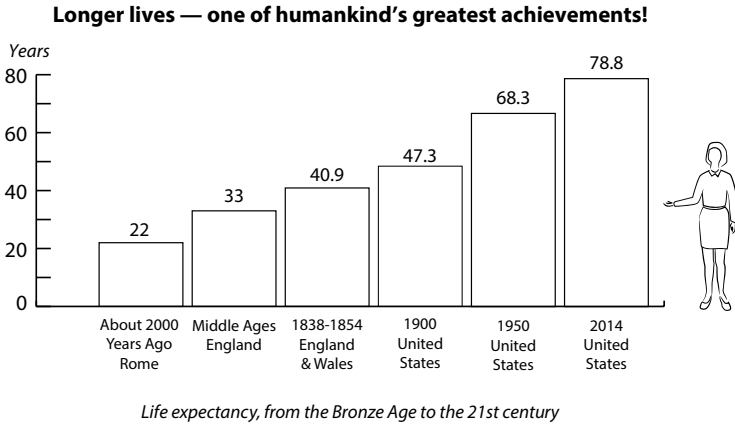
## Longevity in the 21st century

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 20<sup>th</sup> century to 78.8 years by 2014 — that’s more than 30 years.<sup>1,2</sup> 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 21<sup>st</sup> 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.

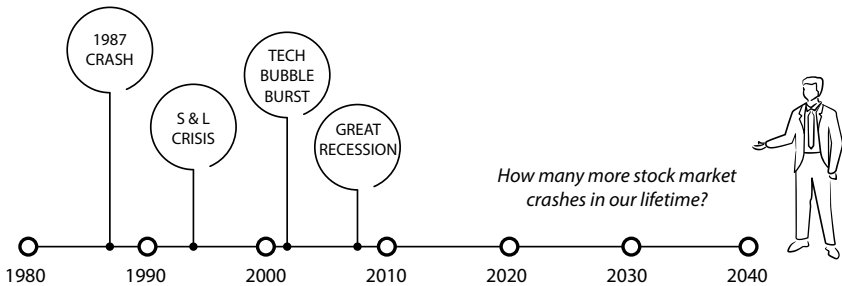
But that’s not all we have to be concerned about. Let’s look at another game-changing challenge that our gift of long life creates.

## 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 21<sup>st</sup> century advantages and the advances in the 20<sup>th</sup> century that contributed to the gift of 30 additional years

of life. Our parents' generation automatically realized the gains in the 20<sup>th</sup> 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.<sup>3,4</sup> *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.”