BONUS CHAPTER:

GET HELP
for
RETIREMENT *GAME-CHANGERS*

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ALSO BY STEVE VERNON

Retirement Game-Changers: Strategies for a Healthy, Financially Secure, and Fulfilling Long Life

Money for Life: Turn Your IRA and 401(k) Into a Lifetime Retirement Paycheck

Recession-Proof Your Retirement Years: Simple Retirement Planning Strategies That Work Through Thick or Thin

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Don't Work Forever! Simple Steps Baby Boomers Must Take to Ever Retire

For bulk purchases of *Retirement Game-Changers*, *Money for Life*, *Recession-Proof Your Retirement Years*, or *The Quest* DVD, please email steve.vernon@restoflife.com.

The following bonus chapter supplements the book *Retirement Game-Changers: Strategies for a Healthy, Financially Secure, and Fulfilling Long Life*. It is intended to provide readers with additional insights to help implement the strategies that are discussed in *Retirement Game-Changers.*

For more information:

- *Retirement Game-Changers:* www.retirementgamechangers.com
- *Rest-of-Life* Communications: www.restoflife.com

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BONUS CHAPTER:

GET HELP

SUPPLEMENT FOR *RETIREMENT GAME-CHANGERS*

DON'T MAKE THESE MISTAKES:

- ⊘ Be sold by salespeople who approach you with offers that aren't a good fit for you.
- ⊘ Take advice on important decisions from well-meaning friends and relatives who aren't trained experts.
- ⊘ Overlook getting help with your health or relationships.

TRY THESE GAME-CHANGING STRATEGIES:

- ➔ Go shopping for qualified professionals who have your best interests at heart.

Be vigilant!

If you visited the office of a potential financial planner, would you be impressed if you saw a plaque on the wall that proclaimed your planner had an award from the Research Council of America and had been designated one of "America's Top Financial Planners?" Would it impress you even more to know the Council's headquarters is on Pennsylvania Avenue in Washington DC? After seeing this plaque, would you feel pretty confident working with this planner?

My friend, Allan Roth, a respected, successful financial planner, has such a plaque hanging in his office. Look closely, however, and you'll see that the name on the plaque is "Max Tailwager" — the name of Allan's dachshund. According to Allan, all he had to do to get this plaque was to provide the Council with his credit card number and Max's name.

The moral of the story? Don't be fooled by the fancy plaques on the wall. Be sure to ask any adviser you're considering for specific information regarding the training and experience they obtained to earn their credentials.

Planning for a healthy and prosperous retirement that might last 25 years or more can be a daunting task. So it makes sense to seek guidance from trained professionals for your most important financial, health, and lifestyle decisions.

Let's review the things you should consider when you look for financial and nonfinancial professionals you might want to hire to help with your retirement planning.

Go shopping for skilled advisers who have your best interests at heart

Generating reliable retirement income for the rest of your life, no matter how long you live, is an ambitious undertaking that takes time and skill. After reading my book *Retirement Game-Changers*, it's entirely understandable that you might want to seek the advice of a professional financial adviser to help you with this task. After all, you can't afford to make mistakes and you'll need to make every dollar count. One goal of *Retirement Game-Changers* is to help you have an informed conversation with your financial adviser.

> Make sure your financial adviser has the specialized skills to help you generate the type of retirement income you're seeking. Also, make sure your adviser is paid to have your best interests at heart, instead of maximizing their own compensation.

If you're considering working with an adviser, you should be aware that there are advisers who could be a danger to your retirement security: These would be advisers who don't have the necessary skills or expertise when it comes to generating a lifetime retirement income or who are more interested in making money for themselves than for you.

Of course, there are many advisers who are trustworthy and have taken time to be trained on the specialized skills needed to generate lifetime retirement income. Your job is to find a trusted financial adviser who will take your goals and circumstances into account and then help you choose the best methods for generating a lifelong retirement income.

Look for the appropriate credentials and experience

Let's start by distinguishing between investment advice and retirement planning. An investment adviser might be good at helping you decide how much to invest in stocks and bonds, and selecting specific securities or mutual funds. While you were growing your nest egg, this might have been all the investment advice you really needed.

But using your retirement savings to generate retirement income is much more complex, and you'll need a retirement planner who's experienced at helping people decide which retirement income generator (RIG), or combination of RIGs, will work best for you.

To this end, you should look for an adviser with credentials that require substantial training and experience with financial planning. Examples of such credentials include:

- Certified Financial Planner (CFP)
- Chartered Financial Analyst (CFA)
- Certified Public Accountant - Personal Financial Specialist (CPA-PFS)
- Chartered Financial Consultant (ChFC)

These credentials all show evidence of training on a broad variety of financial planning topics.

Be aware, however, that these credentials focus on accumulating money *for* retirement without much of an emphasis on generating lifetime income *in* retirement. As a result, I recommend that you ask potential advisers if they've supplemented their training or expertise with specialized training on the various methods of generating retirement income.

Here are three examples of specialized training to look for:

- Certified Retirement Counselor (CRC) is a designation from the International Foundation for Retirement Education.
- Retirement Income Certified Professional (RICP) is a designation from The American College.
- Retirement Management Analyst (RMA) is a designation from the Retirement Income Industry Association (RIIA).

These designations are fairly new, so you might not find many advisers with these credentials. At the very least, you should ask the adviser how they've been trained in the various methods of generating a retirement paycheck and whether they're trained to advise you on the pros and cons of each method.

Make sure your adviser has your best interests at heart

It's very important to make sure your adviser has no incentive other than to act in your best interests when advising you how to generate retirement income. Such advice often includes helping you choose between annuities and investing, as you read in *Retirement Game-Changers*, and whether you're more likely to generate more income through your employer's retirement plan compared to investments that your adviser offers.

As a result of the critical choices you'll need to make, it's important to find out how your adviser is paid. Having a trained professional whose compensation is aligned with your best interests can increase the odds that your retirement nest egg will turn out sunny side up — not scrambled.

My least favorite way to pay for investing advice involves paying someone a commission or sales charge on investments or insurance. In this situation, advisers may be tempted to direct you to the investments or insurance policies that pay them the highest commissions. They may also be tempted to churn your account, which means to buy and sell your investments frequently to generate commissions on every sale and purchase. Because commissions can range from 2% to 10% or more on a $100,000 transaction, you could be paying $2,000 to $10,000 on each transaction!

An undercover operation conducted by the Consumer Financial Protection Bureau (CFBP) dramatically illustrated the potential problems with advisers who are paid this way.[1] During the operation, trained auditors posed as ordinary consumers and visited numerous retail financial advisers whom the average citizen can access via their bank, independent brokerage, or independent advisory firm. These advisers are usually paid based on the commissions and fees they generate from transactions, and not on the assets under management. The auditors found that many retail financial advisers often recommended the portfolio that makes the most money for *them* — not their customers — even if their recommendations result in less money for their clients or make their client's current situation worse.

Fee-based planners are a better choice because in theory, they shouldn't have a stake in your investing decisions. However, even here you need to be careful. The most common fee-based arrangement is to charge you a percentage of the assets that you have under the adviser's management; 1% is a common charge.

But while 1% sounds small, it can really add up over the years. For example, suppose you have $400,000 in retirement savings. With this amount under the adviser's management, you'd be charged $4,000 per year, year after year. After 10 years, you'll have paid your adviser $40,000 in fees — money you could have spent on yourself.

In addition, an adviser who charges an annual percentage fee may not be too thrilled to recommend certain types of RIGs or strategies that aren't subject to the yearly charges. Examples include optimizing your Social Security benefits, generating income with your employer's 401(k) plan, and purchasing a reverse mortgage, all strategies that you learned about in *Retirement Game-Changers.*

My favorite way to pay for retirement planning advice is to find someone whom you pay by the hour or on a flat-fee basis for a specified project. Typical hourly rates range from $150 to $300, while a typical project fee could be a few thousand dollars or more. Although that flat fee may sound high, it often works out to be less than 1% of your assets under management, and it's comparable to the amount you might pay an attorney for estate planning or other legal matters. In many cases, an hourly-fee-based adviser will give you a quote for a fee for a specific project, so you'll know exactly how much you'll spend in total.

A good hourly planner should also set you up with a plan to generate retirement income that doesn't need constant attention. So instead of paying this adviser a fee every year, as you would with a percent of assets under management, you can pay for a periodic checkup or a review if an important event happens, such as a market meltdown or the death of a spouse.

Even with hourly planners, however, there are no guarantees, so watch out for planners who put together complex plans that would require them to spend many hours each month monitoring your investments. And while many planners have biases, based on their background and training, paying your adviser by the hour has the best chance of minimizing these biases. Still, you'll have to ask the right questions before committing to any adviser. (See the "Ask the right questions" section below to find out just what to ask.)

Also, I should point out that many financial advisers who typically charge a percent of assets under management might also be willing to charge you a flat fee or by the hour, if you only ask them. As a result, you shouldn't reject this type of adviser outright without further investigating their fees. If you can't find a planner who charges by the hour, then the percent of assets under management is the next best approach. Be sure to have the adviser explain the pros and cons of the different methods of generating retirement income.

Ask the right questions

Before you make a final decision regarding the financial adviser you'd like to work with, here's a checklist of questions you should ask every potential financial adviser you're considering. These questions will help you more thoroughly evaluate your options.

1. **How do you charge for your services?** As noted previously, you'll want to avoid planners who earn money through commissions and instead seek planners who charge a flat rate or at least just a percentage of assets under management.
2. **What experience and training do you have that's relevant to my situation?** Find out how long the adviser has been in practice and the companies where they've worked. Also ask if he or she has any professional certifications, licenses, or designations, such as the credentials mentioned earlier. Don't forget to inquire about special training, experience, and expertise at generating retirement income, which is different from the asset accumulation and investing you did while you were working.
3. **Will you act as a fiduciary on my behalf and put my interests first?** A recently proposed rule from the U.S. Department of Labor would require professionals who advise you on how to invest IRAs or 401(k) plans to act as a fiduciary on your behalf. This rule is under review by Congress, but many advisers will already act as a fiduciary on your behalf without a mandate from regulators. Your job is to find these advisers.
4. **What is your approach to generating retirement income?** Find out if they'll work with you to decide which retirement income generator (RIG) — or combination of RIGs — will work best for you, including optimizing Social Security. Avoid planners who express any biases toward one method without first learning about your goals, or who dismiss the value of Social Security benefits. You really want to avoid planners who urge you to take Social Security early and invest the benefits with them. You can learn about the various RIGs you should consider in my book *Retirement Game-Changers*.
5. **Can you provide me with three or four references?** Request contact information for two or three current clients whom they advised on generating retirement income, as well as one professional reference, such as an accountant or estate attorney.

Then ask *yourself* two important questions:

1. **Do I like this person?** You'll work better together if you mesh well with this person and enjoy spending time with them. You may be interacting with this person for a long time, so it helps to choose someone with a personality you like. You'll also need to feel you can trust this person, since you'll be revealing all your financial "secrets" so the adviser is fully

informed about your situation.

2. **Do I understand this person?** Hopefully he or she won't use jargon and will tell you just enough for you to understand the issues. It's not necessary for the adviser to tell you everything they know about a subject just to impress you; often all that does is confuse matters.

If you're married or in a committed relationship, find out whether your spouse or partner likes and understands this person, too. After all, you're hiring someone who will be very important to your financial security for the rest of your life. If you have any reservations, move on. There are plenty of qualified advisers out there who are able and willing to help you out and whom you're sure to bond with.

Ask if your adviser will act as a fiduciary on your behalf, and will put your interests first when making recommendations for your retirement investments.

Don't feel shy about asking these questions or worry about insulting the adviser. After all, you most likely find out the price of virtually everything else you buy before you buy it. If you bargain hard when buying a car, buy clothes on sale, or look for the best deal for cable TV or a smartphone, you should also feel comfortable asking an adviser how much you're paying for their service. It's good old American capitalism at work!

One final word of advice: A good planner welcomes the opportunity to be of service. Don't work with any planner who makes you feel uncomfortable in any way.

I encourage you to read the brief "Finding Trustworthy Financial Advice for Retirement and Avoiding Pitfalls" in the "Helpful Resources" section at the end of this chapter. This brief includes a more detailed discussion on how an adviser can add value, danger signs to watch for, details on the fiduciary rule, and tips for sharpening your shopping skills.

Shop around

There are several ways to look for financial advisers who are qualified and paid to avoid financial conflicts of interest. Here are some ideas:

- Your retirement savings plan at work might offer advisory services as part of the plan. For example, retirement plan administrators, such as Fidelity and TIAA, offer in-plan retirement planning advice. Many other retirement plans offer retirement planning services from independent advisory firms, such as Betterment, Dimensional Fund Advisors, Financial Engines, Guided Choice, Morningstar, and United Income. Ask to make sure they are skilled in generating income in retirement and don't just focus on accumulating savings.

- You can visit the websites of the professional organizations mentioned above in the discussion about credentials. Some organizations offer directories of their members.
- Two networks of fee-based financial planners I'd suggest you investigate are Garrett Planning Network and McLean Asset Managers. Both firms have national networks of advisers who meet specified standards for training and experience. These two suggestions are just starting points for your investigation, since there can be many qualified advisers near you.

With any of these providers, you'll still want to ask the questions discussed above. And be sure to investigate their credentials and learn how they're paid.

Shop for other financial advisers

Many people work with an accountant to prepare their tax returns, and this is one area where you might decide to continue with the professional you've been using if you're satisfied with their work. In most cases, special training isn't needed to prepare tax returns for retired individuals.

Some accountants might also want to be your financial or investment adviser. If your accountant seems interested in that, before you say yes, make sure they've received training in personal finance and investments. The usual training for a Certified Public Accountant (CPA) focuses on taxes or business accounting, but as noted here, the American Institute of CPAs (AICPA) also confers a special Personal Financial Specialist (PFS) credential that requires training in financial planning.

You might also need help shopping for insurance, which can include life insurance, medical insurance, and long-term care insurance. Again, make sure your insurance adviser isn't just trying to sell you products that generate substantial commissions for them, such as expensive whole life insurance. Also, ask if the company they work for allows them to shop for the best deal for you and doesn't restrict them to the products from one or two insurance companies. *Retirement Game-Changers* contains more details on insurance protection, so be sure to read the pertinent sections.

One last thought about seeking help: At this stage in your life, you might consider finding professionals who are younger than you. Once you've found great people to work with, you don't want them to retire before you do.

Shop for the nonfinancial help you need

While most people's main concern in planning their retirement naturally focuses on financial matters, the fact is, you'll also be making important non-financial decisions that affect the rest of your life.

One critical area that involves both financial and nonfinancial issues is estate planning. From a financial perspective, the method you use to generate income from your retirement savings will have a significant impact on how much money you leave to children and charities. If leaving a legacy is important to you, you'll most likely need an attorney to draft a will and/or trust, particularly if you have substantial assets or a complicated personal situation (such as children from previous marriages or dependents with special needs). If you don't specify your wishes in writing with a will, the state you live in will make those decisions for you — and the results could be very different from what you (not to mention your heirs) would have chosen.

You'll also most likely need help maintaining your health so you can minimize the money you spend on medical bills and enjoy a long, healthy life. Your primary source for this help will be your general practitioner or family doctor. If you have a specific medical condition, you'll also want the appropriate specialists on your team, and you may want to consider geriatric or integrative medicine specialists. Most likely you'll find these professionals in your medical insurance plan's network.

It's important to recognize, however, that most doctors are trained to treat illnesses or accidents — they aren't focused on improving your general wellness and health. For this goal, you might need assistance from a variety of health care practitioners, such as acupuncturists, chiropractors, nurse practitioners, nutritionists, personal trainers, physical therapists, and physician assistants. While you might find these professionals in your medical plan's network or even at your doctor's office, you might also need to go outside your network to get the help you need. Another possible source of help could come from the wellness program sponsored by your employer; these types of programs are becoming increasingly popular.

As with hiring professional advisors, with anyone you hire for medical care — whether they're inside your plan's network or not — look for people who have training and experience in working with people in your age group.

If you want to read more on this topic, *Retirement Game-Changers* discusses how to build your health care team in a chapter on strategies to maintain your health.

Don't overlook relationship counseling

One area that's often overlooked when it comes to retirement planning is marriage or relationship counseling. The fact is, many couples have devoted lots of time to their careers and raising their families, but maybe not as much to their significant other, whom they'll now be spending much more time with.

"Now I have twice the husband and half the income."
—Comment from a participant in one of my retirement planning workshops

While spending more time together can be a good thing, if it isn't, then some counseling may be in order. Counseling can also help if you'll be making some essential life-changing decisions, such as where you'll live and what types of activities you'll pursue during retirement. A trained counselor can guide you through these decisions with focused conversations and helpful advice. Look for professionals with specialized training: Examples include Licensed Marriage and Family Therapist (LMFT), Marriage and Family Therapist (MFT), and Master of Social Work (MSW).

Another source of help you might consider seeking is from a life or career coach, particularly if you're interested in taking a new direction with your life. A coach can help you systematically address all the issues that might come into play when making those all-important, life-changing decisions. The Life Planning Network is one organization of professionals who focus on "life in the second half."

Finally, think about the type of help you might need from family, friends or other social institutions such as your church, local government services, or non-profit organizations. This might include help with day-to-day activities, assistance in emergencies, sharing resources to save money, or discussing important life decisions. Don't neglect thinking about this or reaching out for help. It takes a village to be retired!

Do your homework

Shopping for good advisers may seem like a lot of time and trouble, but it's worth it. And I don't expect that you'll finish identifying and locating the help you need all at once. It might be more realistic to simply decide what kind of help you need and then start your investigations, knowing that you don't have to do everything at once. That's OK — just start now and finish later.

To keep on task, remember, if you don't get the help you need now, you might spend a lot more time and money down the road trying to fix any problems that arise. You don't want to wait until you're in your 70s or 80s when you're broke or too sick to seek help. So it's well worth your time now to find the right professionals who can help you live long and prosper.

ACTION STEPS:

- As you read *Retirement Game-Changers*, make a list of the decisions for which you might want professional help. Prepare yourself to have informed conversations with potential advisers.
- Begin shopping around for advisers who are skilled and have your best interests at heart.

HELPFUL RESOURCES:

- "Finding Trustworthy Financial Advice for Retirement and Avoiding Pitfalls," from the *Managing Retirement Decisions Series* by the Society of Actuaries.
- "RICP vs. RMA vs. CRC — Choosing the Best Retirement Income Designation for Financial Advisors," by Dr. Wade Pfau. *Nerd's Eye View,* Kitces.com.
- Websites of professional adviser organizations:
    - *Certified Financial Planner Board:* https://www.cfp.net
    - *CFA Institute:* https://www.cfainstitute.org/pages/index.aspx
    - *Certified Public Accountant-Personal Financial Specialist:* https://www.aicpa.org/Membership/Join/Pages/pfs-exam.aspx
    - *Chartered Financial Consultant:* https://www.theamericancollege.edu/designations-degrees/ChFC
    - *Certified Retirement Counselor:* http://www.infre.org
    - *Retirement Management Analyst:* http://riia-usa.org/riia/
    - *RICP designation from The American College:* https://www.theamericancollege.edu/designations-degrees/RICP

Citations:

1. Sendhil, Hullainathan, Noeth, Markus and Schoar, Antoinette. "The Market for Financial Advice: An Audit Study." *NBER Working Paper*, No. 17929, March 2012.

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For more than 40 years, Steve Vernon, FSA, has analyzed, researched, and communicated about the most difficult retirement topics, including finances, health and lifestyle. He had a 30-year career as a consulting actuary with Watson Wyatt and Mercer, helping Fortune 1000 employers manage and communicate their retirement programs. During that time, he worked on the front lines of the extraordinary shift that's taken place in retirement plans, as employers switched from traditional, defined benefit pension plans to 401(k) and other defined contribution plans.

Steve has served for more than five years in his encore career as a Research Scholar at the Stanford Center on Longevity. He's also president of *Rest-of-Life* Communications, a company he founded that delivers retirement planning workshops and conducts retirement education campaigns. He has never sold insurance, annuities, or investments; this enables him to be unbiased in his writing and recommendations.

Currently, Steve writes a regular blog column for CBS *MoneyWatch* where he addresses the critical topics facing people in retirement. His previously published works include:

- *Retirement Game-Changers: Strategies for a Healthy, Financially Secure, and Fulfilling Long Life. Rest-of-Life* Communications, 2018.
- *Money for Life: Turn Your IRA and 401(k) Into a Lifetime Retirement Paycheck. Rest-of-Life* Communications, 2012.
- *Recession-Proof Your Retirement Years: Simple Retirement Planning Strategies That Work Through Thick or Thin. Rest-of-Life* Communications, 2009-2014.
- *The Quest: For Long Life, Health and Prosperity* (a DVD/workbook set). *Rest-of-Life* Communications, 2007.
- *Live Long & Prosper! Invest in Your Happiness, Health and Wealth for Retirement and Beyond.* Wiley, 2005.
- *Don't Work Forever! Simple Steps Baby Boomers Must Take to Ever Retire.* Wiley, 1995.

A Fellow in the Society of Actuaries, Steve graduated summa cum laude from the University of California, Irvine, with a double major in mathematics and social science.

Steve lives in Oxnard, California, with his wife, Melinda, where they're following the advice in this book for their own retirement and rest-of-life. For more information, visit www.restoflife.com.