



the
changing story
— of —
RETIREMENT

Prepared for:





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History Has a Way of Repeating Itself

If you look at stories throughout history, they often share the same themes, similar characters and frequently even the same outcomes.

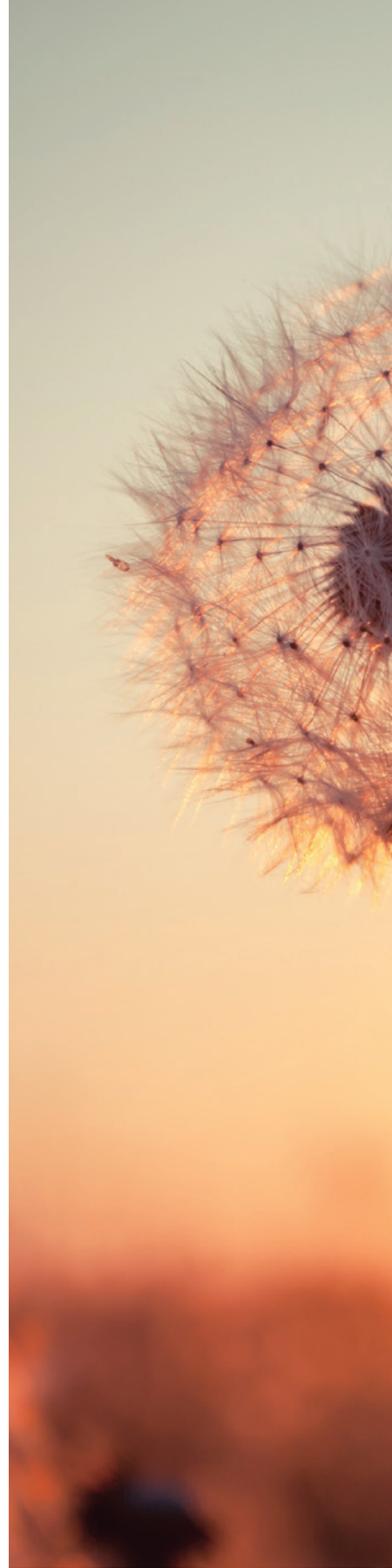
For example, the star-crossed lovers of “Romeo and Juliet,” “West Side Story” and “The Great Gatsby” — all tales of love, tragedy and sorrow. Perhaps these stories endure because of their great drama stemming from real-life situations. Stories of intense human emotion often seem to involve lessons we never learn — and therefore are destined to be experienced over and over again.

But what about the story of retirement? Is it different now than it was half a century ago? Will it be much different in another 50 years? Can we learn from the past — taking both the good and the bad — and prepare ourselves better for the future?

While themes tend to be repeated throughout history, each of us is living a separate, unique story. As such, we have the opportunity to write our own chapters on retirement. Things may have changed from the way they were for our parents and grandparents, but many of the economic and financial factors that influence our lives have followed the same path.

By the same token, for many people, retirement marks a tremendous change in their own lives, whether transforming from work to leisure or from work to another type of work — or from being a stay-home parent to a stay-home caregiver for an old soulmate.

Whatever your future, planning is the key. Understanding the factors involved in your decision-making process, working with financial professionals, communicating with family and being flexible both before and during retirement are all important components of planning for retirement income. They are the plot devices that help your retirement story have a happy ending.





What's in a name?

Much like global conflicts and domestic economic policies, staples of the past have a way of coming back around again — like bell bottoms and baby names. According to the Social Security Administration, Oliver, Charlotte and Ava were among the top baby names in 2020. Other traditional names in the top 10 included William, Benjamin, Olivia and Amelia.¹

¹Social Security Administration. “Top 10 Baby Names of 2020.” <https://www.ssa.gov/oact/babynames/>. Accessed Feb. 21, 2022.

Where Are You Going, Where Have You Been?

In the early 2000s, President Barack Obama was twice elected against the backdrop of the Great Recession, a period of financial instability marked by the decline of real estate values, significant job losses and, for some individuals, personal economic challenges. President Obama won with a campaign platform that focused on bolstering the middle class as a means to reset growth in this country. His successors, Donald Trump and Joe Biden, also pledged to bolster American workers as part of their plans to grow the economy.

In a July 2013 speech, President Obama expressed his sentiments about the middle class as the basis for success in previous generations:

“In the period after World War II, a growing middle class was the engine of our prosperity. Whether you owned a company, swept its floors or worked anywhere in between, this country offered you a basic bargain — a sense that your hard work would be rewarded with fair wages and benefits, the chance to buy a home, to save for retirement and, above all, to hand down a better life for your kids.”

It was during this speech that Obama unveiled his plan to make higher education more affordable. He proposed an incentivized university rating system that assesses each college’s ability to graduate students and help them get good-paying jobs.²

Similarly, President Franklin Delano Roosevelt passed the GI Bill back in 1944 in order to provide money for college

tuition and living expenses for returning World War II veterans. In fact, Roosevelt ran against Herbert Hoover in 1932 on the heels of the Great Depression with much the same message as Obama, calling America’s middle class “the forgotten man at the bottom of the economic pyramid.” When he took office, Roosevelt also faced a banking crisis of epic proportions and an unemployment rate that spiked as high as 25%.³

As part of his solution, Roosevelt worked with legislators to insure private bank deposits, protect home mortgages, stabilize industrial and agricultural production, establish a construction program to fund public works projects and provide federal relief to millions of taxpayers. He also established the Social Security Board to secure the most basic means of retirement income for older Americans.

On the other side of the coin, the vast reduction in government spending after World War II contributed to a boom in the post-war economy. From its peak in 1944, the U.S. government cut spending by 75%, dropping from 44% of the nation’s gross national product (GNP) to 8.9% by the end of 1948.⁴

The Story of American Taxes

As much as we complain about high tax rates in this country, we’re a far cry away from what our parents and grandparents paid in the middle of the 20th century. In the 1940s and 1950s, the top marginal tax rate was around 90%, while the rate hovered at 70% in the 1970s and 50% in the 1980s.⁵

² Obama White House Archives. July 24, 2013. “Remarks by the President on the Economy – Knox College, Galesburg, IL.” <https://obamawhitehouse.archives.gov/photos-and-video/video/2013/07/24/president-obama-speaks-economy#transcript>. Accessed Feb. 21, 2022.

³ Kimberly Amadeo. The Balance. Jan. 28, 2022. “Unemployment Rate by Year Since 1929 Compared to Inflation and GDP.” <https://www.thebalance.com/unemployment-rate-by-year-3305506>. Accessed Feb. 21, 2022.

⁴ David R. Henderson. Mercatus Center, George Washington University. Nov. 4, 2010. “The U.S. Postwar Miracle.” <http://mercatus.org/publication/us-postwar-miracle>. Accessed Feb. 21, 2022.

⁵ TaxFoundation.org. “Federal Individual Income Tax Rates History.” https://files.taxfoundation.org/legacy/docs/fed_individual_rate_history_nominal.pdf. Accessed Feb. 21, 2022.

The Greatest Generation

Those born between 1901 and 1945 are often referred to as “the greatest generation,” a phrase made famous by journalist Tom Brokaw in his book by the same name.⁶ Despite having experienced World War II either in childhood or adulthood, this generation benefited from a profitable period afterward. The hardships of the post-war and Depression era were followed by greater affluence and greater opportunities thanks to many of the administrative policies enacted while Roosevelt was in office. Even so, it was likely that the war itself re-energized the job market with defense positions and revived manufacturing, putting cash in Americans’ pockets and food on their dining room tables.

When our soldiers returned home from war, they quietly set about rebuilding their lives, contributing to the economy and creating the largest baby boom in history. As private enterprise grew organically, many companies offered pensions for years of loyalty. With a pension and Social Security awaiting them, many Americans felt secure enough to reinvest their earnings in the country’s thriving corporations, further fueling growth and the nation’s economic power and influence worldwide. Economically, interest rates held strong, inflation stayed in check and personal savings thrived.

In short, government policies and programs worked in concert with the principles of free enterprise to jumpstart both personal finances and the national economy, paving the way for prosperity over a short period of time.



⁶ Tom Brokaw. “The Greatest Generation.” Random House, 2001.

The Millennium Series

The 2000 millennium started amid fears of a “Y2K” technological meltdown and was followed by the Sept. 11, 2001, terrorist attacks. The decade literally started with an explosion that was heard around the world.

On the first day the New York Stock Exchange opened following 9/11, the market suffered a one-day trading loss with a 7.1% decline. By the end of the first week, the Dow Jones Industrial Average had dropped by more than 14% and the Standard and Poor’s Index had lost 11.6%. Overall, an estimated \$1.4 trillion in value was lost in those five trading days after the Twin Towers fell.⁷

After a stellar recovery by the stock market two years after the Sept. 11 benchmark, it took another hit during the 18-month decline now known as the “Great Recession.” Following that period, markets enjoyed nearly a decade of growth.

However, the stock market plunged in 2020, as the coronavirus pandemic swept across the globe. Within a seven-day period, the stock market dropped three times, including the three worst one-day drops in Dow Jones history.⁸ By April, unemployment rates were at 14.7%, up from 3.5% just two months earlier.⁹ By late 2020, markets had mostly recovered their losses from six months earlier and unemployment was trending downward, although it remained significantly higher than it had been throughout 2019.¹⁰

The market drops of 2020 took many investors by surprise, especially following a long period of relatively high stability and growth. They served as a reminder that volatility can happen any time and preparation is key to successfully preserving retirement assets.

The Great Divide: Employer-Sponsored Retirement Plans

On balance, historians may look back at the 20th century and proclaim that the biggest factor in how well Americans prepared for retirement was the evolution from employer-sponsored pensions to defined contribution plans such as 401(k)s.

A 2021 survey by the Employee Benefit Research Institute observed that only 29% of pre-retirees with a retirement plan are very confident about their ability to live comfortably in retirement.¹¹ However, 28% of people already in retirement say their overall lifestyle is better than they expected.¹²

⁷ Marc Davis. Investopedia. Oct. 25, 2021. “How September 11 Affected the U.S. Stock Market.” <http://www.investopedia.com/financial-edge/0911/how-september-11-affected-the-u.s.-stock-market.aspx>. Accessed Feb. 21, 2022.

⁸ Kimberly Amadeo. The Balance. Oct. 31, 2021. “How Does the 2020 Stock Market Crash Compare With Others?” <https://www.thebalance.com/fundamentals-of-the-2020-market-crash-4799950#:~:text=The%20stock%20market%20crash%20of%202020%20began%20on,the%20three%20worst%20point%20drops%20in%20U.S.%20history>. Accessed Feb. 21, 2022.

^{9,10} U.S. Bureau of Labor Statistics. “Graphics for Economic News Releases.” <https://www.bls.gov/charts/employment-situation/civilian-unemployment-rate.htm>. Accessed Feb. 21, 2022.

¹¹ Employee Benefit Research Institute. April 22, 2021. “2021 Retirement Confidence Survey.” Page 12. https://www.ebri.org/docs/default-source/rcs/2021-rcs/2021-rcs-summary-report.pdf?sfvrsn=bd83a2f_4. Accessed Feb. 21, 2022.

¹² Employee Benefit Research Institute. April 22, 2021. “2021 Retirement Confidence Survey.” Page 31. https://www.ebri.org/docs/default-source/rcs/2021-rcs/2021-rcs-summary-report.pdf?sfvrsn=bd83a2f_4. Accessed Feb. 21, 2022.

That same study revealed that nine out of 10 retirees rely on Social Security as a source of income in retirement.¹³ This is just another clue pointing to the strain that may be placed on the U.S. Social Security system when this massive population is fully retired.

It is possible that many Americans will likely count on government benefits as a primary source of their retirement income in the future. One disconcerting aspect, however, is that Social Security benefits can be more modest than many anticipate. According to data from the Social Security Administration, the average Social Security retirement benefit at the end of 2021 was \$1,658 a month, or \$19,896 a year.¹⁴

The Decline of Pensions

It isn't necessarily problematic that fewer workers are being offered company pensions; however, it is troubling that some company pensions already promised to retirees are seriously underfunded. Sixty of the 100 largest U.S. pension plans were underfunded in 2021, though that number is down from 84 in 2020.¹⁵

An option that's being adopted by some private corporations is to offer retirees a lump-sum pension buyout. The pensioner gets one large sum in lieu of lifelong income payments while the company avoids the liability associated with its retirees' life expectancy. While a buyout may give you greater control to allocate the assets as you wish, in today's lower interest rate environment it may be difficult to replicate a pension's income stream with conservative financial vehicles.

PLANNING QUESTION:

**HAVE YOU BEEN OFFERED A PENSION BUYOUT?
HAVE YOU CONSIDERED YOUR OPTIONS?
HAVE YOU CONSIDERED WHAT YOUR INCOME
NEEDS MAY BE IN THE FUTURE?**

Through the Looking Glass: 401(k) Transparency

It's important to pay close attention to the fees associated with 401(k) plans, because they can take a big bite out of performance returns. Let's look at a hypothetical situation where there is a 401(k) balance of \$25,000 with a 7% average annual return. If fees total 1.5%, your balance would be worth \$163,000 after 35 years. However, if your fees were 1% less for a total of 0.5%, your investment would be worth \$227,000 in the same time frame — an increase of 39%.¹⁶

In July 2012, the U.S. Department of Labor required 401(k) plan providers to clearly disclose how much they charge to manage retirement assets for plan participants. Requiring full disclosure of fees created a more competitive market among 401(k) plan providers, as employers started shopping around for lower fee options and putting downward pressure on fees charged throughout the industry.

¹³ Employee Benefit Research Institute. April 22, 2021. "2021 Retirement Confidence Survey." Page 26. https://www.ebri.org/docs/default-source/rcs/2021-rcs/2021-rcs-summary-report.pdf?sfvrsn=bd83a2f_4. Accessed Feb. 21, 2022.

¹⁴ Social Security Administration. "Benefits Paid By Type Of Beneficiary: Report for a selected month." <https://www.ssa.gov/OACT/ProgData/icp.html>. Accessed Feb. 21, 2022.

¹⁵ Mark Maurer. The Wall Street Journal. Jan. 23, 2022. "Companies' U.S. Pension Plans Are More Overfunded Than They Have Been in Years." <https://www.wsj.com/articles/companies-u-s-pension-plans-are-more-overfunded-than-they-have-been-in-years-11642950001>. Accessed Feb. 21, 2022.

¹⁶ U.S. Department of Labor. September 2019. "A Look at 401(k) Plan Fees." <https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/a-look-at-401k-plan-fees.pdf>. Accessed Feb. 21, 2022.

Great Expectations: Living Longer

One of the definite changes to the retirement story over the past 50 years is the fear of not having enough retirement income to last a longer lifetime. Men who turned age 65 in 2020 have an average life expectancy of 82 years, while women who turned age 65 that same year enjoy a life expectancy of 84.8.¹⁷

Women and Longevity: A Widow for [More Than] One Year

Women face unique challenges in planning for retirement. Since women live longer lives, they need income for more years. Women also tend to earn less during their working years than their male counterparts. Although the pay differential has narrowed over the past 30 years, in late 2020 men earned an annual median salary of \$55,744 while women earned \$46,488.¹⁸

In addition to more women becoming financial providers for their families, they are also primarily the ones responsible for the caregiving of generations both young and old. This may have a cost impact that further exacerbates their ability to adequately plan for retirement income, as wages and accumulated Social Security benefits and employer-sponsored retirement plan assets can be reduced due to time spent away from work to care for loved ones.

Furthermore, women tend to face the higher living costs associated with living alone once they enter retirement. According to data from the U.S. Census Bureau, 33% of women over the age of 65 lived alone in 2020. The number jumped to 42% at age 75.¹⁹

Through the Ages

PEOPLE 65+ AS A PERCENTAGE OF THE TOTAL POPULATION²⁰

1950	8 %
1980	11.3 %
2000	12.4 %
2050 (projected)	22.0 % (1 in every 5 people)

For Whom the Bell Tolls

While many may be willing to undertake the emotional costs of caring for an aging loved one, fewer are prepared financially. Research shows more than three-quarters of family caregivers spend an average of \$7,242 per year on such out-of-pocket caregiving costs as rent/mortgage payments, home modifications, medical expenses, personal care items, paid help, adult day services and more.²¹ Since caregiving can often be a full-time job, one survey reported 44% of caregivers end up reducing work hours or going part-time and 19% leave the workforce entirely.²²

¹⁷ Sherry L. Murphy, et al. Centers for Disease Control and Prevention. December 2021. "Mortality in the United States, 2020." <https://www.cdc.gov/nchs/products/databriefs/db427.htm>. Accessed Feb. 21, 2022.

¹⁸ Alison Doyle. The Balance. March 23, 2021. "Average Salary Information for U.S. Workers." <https://www.thebalancecareers.com/average-salary-information-for-us-workers-2060808>. Accessed Feb. 21, 2022.

¹⁹ Administration for Community Living. May 2021. "2020 Profile of Older Americans." Pages 6-7. https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2020ProfileOlderAmericans.Final_.pdf. Accessed Feb. 21, 2022.

²⁰ Statista. "Share of old age population (65 years and older) in the total U.S. population from 1950 to 2050." <https://www.statista.com/statistics/457822/share-of-old-age-population-in-the-total-us-population/>. Accessed Feb. 21, 2022.

²¹ Nancy Kerr. AARP. June 29, 2021. "Family Caregivers Spend More Than \$7,200 a Year on Out-of-Pocket Costs." <https://www.aarp.org/caregiving/financial-legal/info-2021/high-out-of-pocket-costs.html>. Accessed Feb. 21, 2022.

²² Rosalynn Carter Institute for Caregivers. Sept. 28, 2021. "Working While Caring: A National Survey of Caregiver Stress in the U.S. Workforce." Page 11. <https://www.rosalynncarter.org/wp-content/uploads/2021/09/210140-RCI-National-Surveys-Executive-Summary-Update-9.22.21.pdf>. Accessed Feb. 21, 2022.



PLANNING QUESTION:

MOST AMERICANS WILL NEED SOME TYPE OF LONG-TERM CARE. WILL YOU BE ABLE TO AFFORD IT?

Long-Term Care Planning: A Room of Her Own

For many Americans, running out of money in retirement ranks as a major concern. For example, the 2021 Franklin Templeton Retirement Income Strategies and Expectations (RISE) survey found that 45% of pre-retirees age 35 to 44 are concerned about meeting expenses with their retirement income.²³

Affording long-term care in old age is another financial concern. A recent UBS study found that the majority of respondents reported that they worry about being a financial burden to their family should they get sick.²⁴ The reality is that Americans who turned age 65 in 2021 have an 83% chance that they will use some type of long-term care before they pass away.²⁵

The issue of longevity and resources for long-term care is likely more of a concern for women. What's more, 28% of all individuals receiving long-term care support will need it for more than three years. Twenty-seven percent of unmarried women will develop severe long-term care needs compared to 23% of unmarried men and 22% of married women.²⁶

Social Security Shortfall: Much Ado About Nothing?

Presently, Social Security Trust Fund reserves are projected to be exhausted by 2033. At that point, payroll taxes and other income will flow into the fund but will be sufficient to pay only about 76% of program costs.²⁷

Many retirees are relying heavily on Social Security to cover their daily expenses. Among the elderly, Social Security benefits make up about 30% of their total income. Twelve percent of elderly men and 15% of elderly women rely on Social Security for 90% or more of their income.²⁸

ELDERLY AMERICANS RELY ON SOCIAL SECURITY FOR A MAJORITY OF THEIR INCOME:²⁹

37%
OF ELDERLY MEN
DEPEND ON SOCIAL SECURITY
BENEFITS FOR AT LEAST 50%
OF THEIR INCOME

42%
OF ELDERLY WOMEN
DEPEND ON SOCIAL SECURITY
BENEFITS FOR AT LEAST 50%
OF THEIR INCOME

²³ Franklin Templeton. 2021. "5 Surprises About Planning for Retirement Income." <https://www.franklintempleton.com/forms-literature/download/RTSI-FLFSR/>. Accessed Feb. 21, 2022.

²⁴ UBS Investor Watch. July 13, 2020. "UBS Investor Watch: Wealthy investors see lasting life changes after COVID-19." <https://www.ubs.com/global/en/media/display-page-ndp/en-20200713-ubs-investor-watch.html>. Accessed Feb. 21, 2022.

^{25,26} Anek Belbase, et al. Center for Retirement Research at Boston College. June 2021. "What Level of Long-Term Services and Supports do Retirees Need?" https://crr.bc.edu/wp-content/uploads/2021/06/IB_21-10.pdf. Accessed Feb. 21, 2022.

²⁷ Social Security Administration. Aug. 31, 2021. "The 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds." Page 6. <https://www.ssa.gov/oact/TR/2021/tr2021.pdf>. Accessed Feb. 21, 2022.

^{28,29} Social Security Administration. "Fact Sheet: Social Security." <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>. Accessed Feb. 21, 2022.



PLANNING QUESTION:

DO YOU HAVE A PLAN FOR WHEN YOU (AND YOUR SPOUSE) WILL BEGIN DRAWING SOCIAL SECURITY BENEFITS?

Another consideration: If low-income workers are no longer able to meet the physically demanding requirements of their jobs, they may begin their Social Security benefits earlier than full retirement age. By doing so, they will permanently reduce the Social Security benefits they would be eligible for if they could continue working. In these scenarios, the taxpayers who need these benefits the most could be receiving reduced benefits.

Talk to your financial professional and your tax advisor about how Social Security benefits can fit into a complete retirement income strategy. Our firm is not affiliated with the U.S. government or any governmental agency.

- **WHY SIMPLY RAISING**
- **THE RETIREMENT AGE MAY NOT WORK**
- Because people are living longer and working longer, raising the retirement age for drawing Social Security benefits may seem like a no-brainer, but in reality, it may not be a good solution. Some jobs are more physically taxing and lend themselves to earlier retirements.

³⁰ Social Security Administration. "Fact Sheet: Social Security." <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>. Accessed Feb. 21, 2022.

Oh, the Places You'll Go

We like to think the past represents a simpler time, but when you consider wars, inflation, unemployment, taxes and other challenges that our predecessors endured, it was never really simple.

One factor that could make retirement income planning more complicated today is simply that most people can expect to live longer in retirement than their parents and grandparents. It stands to reason that the combination of more knowledge about the impact of nutrition, smoking and sun exposure, along with medical advances and the general increase in our life spans, may have a greater impact on our financial lives than any single economic event.

PLANNING QUESTION:

HOW DO YOU CREATE A STRATEGY FOR THE FUTURE? WHAT ARE YOUR INCOME SOURCES? WHAT DO YOUR SOCIAL SECURITY BENEFIT OPTIONS LOOK LIKE? WILL YOU NEED TO SUPPLEMENT YOUR INCOME?

The Importance of Being Earnest

If you're married, be aware that retirement income planning is generally most successful when both spouses participate. It's common for married couples to have very different ideas about what they would like retirement to be like — and the cost of providing those different lifestyles may vary significantly. Two key ingredients for couples planning for retirement income are:

1. Communicating with each other
2. Being flexible

Consider these potential conflicts:

What Retirement Dreams May Come

SPOUSE #1	SPOUSE #2
Envisions retirement as:	Envisions retirement as:
Continued working; starting a new career	Traveling together as a couple
Endless days playing golf alone or with a friend	Getting together with other couples
Starting every day quietly reading the local newspaper	Visiting or having grandchildren visit
Never working another day	Having someone around to help with household chores
Reorganizing the house and the household processes	Enjoying a lifetime of successful organizing

Because retirees tend to be healthier these days and living longer lives, the trend is for people to work longer than the traditional career. In fact, one reason more Americans are working longer is because they like what they're doing — they want to maintain the intellectual stimulation and social connections that work gives them. A recent survey found nearly one in three people over age 60 plan to work past 70 or never retire.³¹

³¹ PR Newswire. May 6, 2021. "Nearly One in Three Seniors Plan to Work Past 70 or Never Retire, According to AAG Survey." <https://www.prnewswire.com/news-releases/nearly-one-in-three-seniors-plan-to-work-past-70-or-never-retire-according-to-aag-survey-301285256.html>. Accessed Feb. 21, 2022.

Benefits of Working Longer

Many Americans are working well into their 60s and 70s for a variety of reasons, such as:

- Social Connections
- Fulfillment
- Passion About Work
- Mental Challenge
- Financial Benefits



If you enjoy your job, perhaps you should consider continuing to work — for reasons other than financial. If the thought of continuing in your current job or career path is unbearable, look at it another way. The possibility of a 20-year retirement may provide you with plenty of time to go back to school and get another degree, embark on a new career path and/or get your own business off the ground.

For these reasons, it's important for spouses to have frank discussions about who should retire and when and what each wants in a retirement lifestyle. Retirement income planning is difficult enough, but it may be a more challenging task that will take time, savings and compromise to meet both spouses' needs if they do not share the same retirement dreams.

Start those discussions early, work with a financial professional to help you develop a strategy about what to expect in terms of expenses, and prepare to be flexible both before and during retirement.

THE TIME OF THEIR LIVES

RETIREES SPEND THEIR TIME ON A VARIETY OF ACTIVITIES, INCLUDING:



EXERCISING



VOLUNTEER WORK



SOCIALIZING



CARING FOR FAMILY MEMBERS



WORKING PART-TIME OR FULL-TIME



TRAVELING

PLANNING QUESTION:

HAVE YOU ASKED YOUR SPOUSE WHAT HE OR SHE WOULD LIKE LIFE TO BE LIKE WHEN ONE OR BOTH OF YOU RETIRE?

Waiting for Godot

According to a study by the Employee Benefit Research Institute, 46% of those surveyed retired sooner than they had originally planned.³² They cited employment-related issues, health reasons or family obligations as some of the factors contributing to their change in plans. Will you be able to retire on the timeframe you choose? Do you have a contingency plan if not?

³² Employee Benefit Research Institute. April 22, 2021. "2021 Retirement Confidence Survey." Page 28. https://www.ebri.org/docs/default-source/rcs/2021-rcs/2021-rcs-summary-report.pdf?sfvrsn=bd83a2f_2. Accessed Feb. 21, 2022.

Modern Family

Today's story of retirement might resemble an episode of "Downton Abbey," in which an extended family of married children and their children all live in the same home. In 2021, 26% of Americans lived in multigenerational households, a figure that has nearly quadrupled since 2011.³³

Within that group, 57% said the pandemic was what caused them to either start or continue living with multiple generations.³⁴ Two-thirds of those living in multigenerational homes cited the economic climate as a factor driving that living arrangement, with needs in elder care (34%), child care (34%) and health care (25%) among other given reasons.³⁵

On Golden Pond

Parents aren't just providing shelter for grown children — they're also helping out financially. In some cases, they may even be spending more on their adult children than on their own retirement savings. Nearly 8 out of 10 parents say they're helping their grown children at the expense of their own personal finances.³⁶



^{33,34} Generations United. "Family Matters: Multigenerational Living is on the Rise and Here to Stay." Page 1. <https://www.gu.org/app/uploads/2021/04/21-MG-Family-Report-WEB.pdf>. Accessed Feb. 21, 2022.

³⁵ Generations United. "Family Matters: Multigenerational Living is on the Rise and Here to Stay." Page 2. <https://www.gu.org/app/uploads/2021/04/21-MG-Family-Report-WEB.pdf>. Accessed Feb. 21, 2022.

³⁶ Barri Segal. CreditCards.com. May 5, 2021. "Poll: Many parents have helped adult children financially since 2020." <https://www.creditcards.com/statistics/pay-adult-childrens-debt-poll/>. Accessed Feb. 21, 2022.

BRAVE NEW WORLD

the future of retirement income

Historically, we've always referred to the traditional sources of retirement income as a three-legged stool, composed of:

**GOVERNMENT
ENTITLEMENT
PROGRAMS**

(SOCIAL SECURITY AND MEDICARE)

**PERSONAL
ASSETS**

**EMPLOYER
PENSIONS**

These days, pensions are few and far between — and some of those that exist may be in danger of not being able to pay out benefits, given recent years of low interest rates and longer life spans. While Social Security is able to pay benefits to today's retirees, it is widely acknowledged that changes must be implemented to sustain the program in the future.

Then there are our own personal assets, which include personally directed employer plans such as the 401(k) and 403(b). This is the leg of the stool over which we have the most control — and that may constitute a larger portion of our retirement income in the future.

COMMON SOURCES OF RETIREMENT INCOME

SOCIAL SECURITY

**RETIREMENT
ACCOUNTS &
PERSONAL SAVINGS**

**COMPANY-FUNDED
PENSION PLAN**

EMPLOYMENT

INHERITANCE

Something's Gotta Give

At this point, it may be smart to think of your personal assets as your primary source of retirement income and Social Security benefits as supplementary. That's the way the system was designed to work back in 1935 when President Roosevelt signed it into law. But somewhere along the way, we forgot that these benefits were just supposed to be the minimum — to keep people out of poverty. Social Security was never meant to compose the majority of our retirement income, but many retirees depend on it as their main financial resource.

One reason retirement income planning can be so difficult is because we can't accurately predict how long we are going to live. You could live significantly longer than you might imagine — as evidenced by comedian George Burns, who smoked cigars for more than 70 years and still lived to age 100. A perennial question is how much income to draw from your retirement assets as a new retiree so as not to risk running out later. There are many different withdrawal strategies designed to address this exact issue. The key is to work with an experienced financial professional who understands the issues associated with planning for retirement income and is familiar with the different insurance products and investment vehicles that may be available as part of a strategy to help you develop a plan that's appropriate for your goals and financial situation.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Any references to protection benefits or lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

The Bucket List

unique retirement stories

There are quite a few famous people who accomplished significant feats during retirement. For example, Michelangelo painted the Sistine Chapel ceiling at 71, and George Burns earned his only Academy Award at age 80. Astronaut John Glenn became the oldest person to travel in space at age 88, and former President George H.W. Bush made parachute jumps on his 80th, 85th and 90th birthdays.

Consider the long-standing and resurgent career of Betty White, best known in the past as the devious Sue Ann Nivens on “The Mary Tyler Moore Show” and as ditzy Rose Nylund on “The Golden Girls.” She later became the oldest person ever to host “Saturday Night Live.” Having been inducted into the Television Hall of Fame, Betty was also known for her tireless efforts on behalf of animals.

While not every accomplished retiree is as well-known as these examples, just about any retiree can rewrite the retirement chapter of his or her own life to make for some pretty compelling reading. Consider the following interesting characters.



MAE LABORDE

Mae Laborde acted on TV and film until she died at the age of 102, but she didn't even start her acting career until age 93. In her later years, she appeared in the films "Pineapple Express" and "The Heartbreak Kid," as well as three episodes of the television show "It's Always Sunny in Philadelphia."

PIERRE JEAN "BUSTER" MARTIN

Up until his death at age 105, Buster Martin worked for a well-known plumbing company in London as a van cleaner. Born in 1906, he claimed to have never taken a day off work until his 100th birthday. Buster was also reputedly the record holder for the world's oldest runner of the 5K, 10K and half marathon, which he finished in just over five hours — including a stop for a beer and a cigarette.

LUCILLE BORGEN

On her 91st birthday, Lucille Borgen won two events at the 62nd Annual Water Ski National Championships. She didn't take up skiing until she was 40 and was self-taught. She once commented, "I would fall 100 times trying to learn a trick — and once I made it, I couldn't remember what I did." Borgen, who died at age 98, was also a cancer and polio survivor.

BILL ANDERSON

Bill Anderson, a former paratrooper in World War II, completed a coast-to-coast bicycle trek at age 78. He reported that his training regimen included a diet composed mainly of fruits and vegetables, lifting weights and bicycling 100 miles every day.

NOLA OCHS

For several years, Nola Ochs from Jetmore, Kansas, held the record for world's oldest college graduate. She graduated from Fort Hays State University at age 95, alongside her 21-year-old granddaughter. The record was broken in 2016, when 96-year-old Shigemi Hirata of Japan graduated from the Kyoto University of Art and Design.

GEORGE BRUNSTAD

George Brunstad was one of the oldest people to swim the English Channel, which he completed just a few days after turning 70. He completed the 21-mile trek in just under 16 hours. At age 76, he competed in the U.S. Master Swimming 6K National Championships, finishing in 2:29:24.

MIKE MELVILLE

At age 63, Mike Melville became the first private pilot to earn astronaut wings, flying the first privately funded human spaceflight aircraft, SpaceShipOne, to reach space at a record altitude of 62 miles.

JEANNE-LOUISE CALMENT

Jeanne-Louise Calment holds the record for the oldest fully authenticated age that any human has lived: 122 years, 164 days. She didn't exactly sit back and rock away all those years in retirement. At age 85, she took up fencing, and she was still riding a bicycle at 100.

PLANNING TIPS: Considerations for retirement income.

- WORK WITH QUALIFIED PROFESSIONALS FOR INVESTING, INSURANCE, TAX AND ESTATE PLANNING. THIS MAY INCLUDE FINANCIAL ADVISORS, INSURANCE AGENTS, CPAs AND QUALIFIED ATTORNEYS.
- PAY OFF ANY CREDIT CARDS AND/OR A HOME EQUITY LOAN WHILE IN YOUR HIGH-EARNING YEARS.
- PAY OFF YOUR MORTGAGE.
- REVIEW YOUR 401(K) STATEMENT TO SEE HOW MUCH YOU PAY IN FEES.
- CONSIDER CONSOLIDATING RETIREMENT FUNDS FROM ANY PREVIOUS EMPLOYERS.
- IF POSSIBLE, MAX OUT ANNUAL CONTRIBUTIONS TO YOUR EMPLOYER PLAN AND IRA.
- ESTIMATE HOW MUCH INCOME YOU (AND YOUR SPOUSE) WILL NEED WHEN YOU RETIRE.
- TALK TO YOUR SPOUSE ABOUT WHEN ONE OR BOTH OF YOU SHOULD RETIRE AND BEGIN DRAWING SOCIAL SECURITY.
- TALK TO YOUR SPOUSE ABOUT BOTH SPECIFIC RETIREMENT GOALS AND WHAT DAY-TO-DAY LIFE WOULD BE LIKE.
- HAVE A PLAN THAT ADDRESSES POTENTIAL LONG-TERM CARE NEEDS IN PLACE BY THE TIME YOU'RE IN YOUR MID-50S.
- IF YOU'VE BEEN OFFERED A PENSION BUYOUT, DETERMINE IF YOU WOULD BE BETTER OFF MANAGING THOSE ASSETS YOURSELF.
- WRITE AND/OR UPDATE YOUR WILL AND LIVING WILL.
- MAINTAIN A PRINTED RECORD OF USERNAMES AND ASSOCIATED PASSWORDS FOR ONLINE ACCOUNTS; UPDATE IT REGULARLY AND MAKE SURE LOVED ONES KNOW WHERE IT'S KEPT.³⁷

Despite the realities of planning for retirement income today, each person's situation is unique with their own story to tell. That story shouldn't become more challenging due to external circumstances — or simply through the absence of planning. Yours should be a story in which — to the best of your ability — you write the ending the way you want it to be.

For many enterprising retirees, some of the most exciting chapters lie ahead. Be sure to discuss your goals with your financial professional, who will be able to provide you with information on how insurance and investment products may be useful in outlining your retirement story.

³⁷ Josh Sallar. Kiplinger.com. Oct. 19, 2020. "Managing Your Money in an Uncertain World." <https://www.kiplinger.com/retirement/retirement-planning/601564/managing-your-money-in-an-uncertain-world>. Accessed Feb. 21, 2022.

Prepared for



(417) 882-1726

www.WealthCareCorp.com

PriorityCare@WealthCareCorp.com

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