

## **Get Ready For Getting Old**

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You might imagine retirement including tennis with friends, vacations in exotic places and visits with the grandchildren. But a key component behind all these dreams is having the cash to fund them.

Experts say that retirement can be stressful -- because your savings may run out and you may be bored by the endless days. They suggest devising a long-term plan before making the leap.

"People need to define their goals and objectives, plan how to get there and monitor their progress," **Brett Wilder**, author of "The Quiet Millionaire," told IBD.

Wilder and Steven Weisbart, chief economist and vice president for the Insurance Information Institute, share tips.

Plan on living long. Look at family history, but consider the impact of better medical care and safer cars. Social Security Administration projections show that a 65-year-old man has a 75% likelihood of living until 75 and a nearly 40% chance of reaching 85. For women, the numbers are 83% and 52%, respectively.

"Many people will live 25-30 years longer than they expect and run out of money at a time when they'll be in no position to make up for any deficit," Weisbart said.

Recognize hidden income. If you travel for business now, you might be accustomed to extending employer-funded business trips into short vacations for yourself.

When you retire, such benefits vanish, Weisbart says.

Your boss also will cut your free newspaper subscriptions, laptop and BlackBerry.

Retire to something. "People have a fairly narrow view of what they can do post-retirement," Weisbart said. Open your mind and explore new options.

If you're a school teacher, don't just look for substitute teaching jobs. Consider library programs that aid the illiterate. Help the poor, children with disabilities or others in need.

Stay in the game. "Part-time work can be intellectually stimulating, allow you a place to go and something to do," Weisbart said. "Besides, the older you get, the more you worry about running out of income or not leaving enough for your spouse."

Start early. "A lot of people will have to work a lifetime, because they started planning and saving too late," Wilder said. "But that's better than (incorrectly) thinking you'll be OK (and retiring too soon). For some, 80 might be a tough time to still be working. If you want to avoid this scenario, plan early."

Say you're 45. You make \$96,000 a year, want to retire at 65 and expect to live until you're 95.

Assuming an after-tax 8% average yearly return and 4% inflation, you'll need just over \$3.8 million by the time you hit 65, Wilder says. If you have nothing saved currently, you'll need to put away \$77,875 every year for the next two decades.

This plan works, so long as you're insured for long-term care, which Medicare doesn't fund. Nursing homes easily run \$200 a day.

"You could be talking a couple of hundred thousand dollars after a few years," Wilder said. "That could really destroy a retirement plan."