

SWRA RETIREMENT CONSIDERATIONS

2014 (with some 2017 edits & revisions)

You spend the first 1/3 of your life acquiring a skill, the next 1/3 using that skill, and the last 1/3 reaping the benefits in retirement but only if you plan and are prepared for this major shift in your life

Success in retirement comes from thinking and planning well in advance.

You need to establish your retirement goals as soon as you can. What do you want to do?

Everyone's situation is different and no one is going to run your retirement for you ...so you have to step up and take charge. (personal ownership)

Keys to a great retirement experience:

Having a plan and starting early

Knowing what you can afford and spending accordingly. Do I have enough money?

Investing wisely

Eliminating debt

Preparing for financial disruptions

Staying active –physically and socially

Maintaining your health

Staying flexible and handling change

A. The most critical area for most retirees is in the area of FINANCES:

The fundamental concern is not running out of money before you die or before those who depend on you pass on.

Actions you should take:

1. Establish your financial goal....how long will I live, what to leave to kids, grandkids, charity
2. What will I need to spend...80% rule from historywatch first year or so.....extraordinary expenses like cruise, roof, car... May need more than 100% if you want to travel a lot or do other things.
3. Determine what financial resources you have.....pension, social security, 401k, investments...evaluate when to take social security
4. Run the calculation to see when you will run out of money...assume inflation rate, investment return...determine what is needed at retirement and what I need to save to get there....adjust accordingly
5. Create a financial plan/budget written to help stay on track and will give your dependents insight...consider professional help ...include spend down plan for 30 retirement years
6. Set up your portfolio in line with your need for wealth but most importantly in line with your risk tolerance....be diversified with investments, buy and hold approach, be patient

7. Decide on your participation in managing the portfolio.....what level of need for professional help.
8. Complete an Estate Plan.....will,trust,power of attorney,living will,instructional letter,beneficiaries
- 9.Evalutate need for life insurance and long term care insurance
- 10.Get educated on the cost of benefits....Healthcare and Medicare
- 11.Get out of debt....mortgage,credit cards,etc
- 12.Take action on paperwork as early as possible.... pension payout delay, roll over of 401k,healthcare coverage, processing time, change delays, etc.
13. Arrange a Retirement experts team to support and advise you...a lawyer who knows estate planning, financial planner, accountant who knows taxes, and a health advocate usually a primary care physician.
14. Provide periodic briefing for your spouse or whomever you designate as your trustee or representative
15. Complete a Letter of Instruction that details the actions and location of all pertinent documents if you are incapacitated.
16. Assemble a Data Book with all critically important papers. Store in an accessible place and update regularly.

B. How will you SPEND YOUR TIME.... many retirees find there is not enough time to do all that they want to do. The first year is a transition that will eventually lead you a new norm of how you spend your time.

1. House chores - If still in a house with no mortgage, always something needs to be fixed or renovated.... favorite action is to make that long dreamed about kitchen or bath makeover, or landscaping changes...your life will be full of trips to Lowes or Home Depot to walk the aisles with the other multiple retirees doing the same thing. Chance to try your hand at new skills.....the internet can teach you to do anything
2. Hobbies.....cabinet making,oil painting,car restoration,write a novel,get computer savvy,read those novels,gardening... what is you like to do which give you a sense of satisfaction and accomplishment
3. Volunteering.....major need for help...coaching or officiating sports,social service support,civic organizations,medical,seniors,Habitat building,.....check the Sentinel for Volunteer opportunities or Red Cross of United Way.....motives include creating a sense of satisfaction,using special qualities/skills,making a difference,obligation to give back,new skills/acquaintances,something to do
4. Travel....take that cruise or that car trip across the country or go where you have always wanted to go....research for interesting places....check local points of interest....be aware of your limitations

5. Second career.... start a business, convert a hobby, go to school, volunteer to try it out
5. Don't Wait if it is really something you want do...do it now! You never know what tomorrow will bring.
6. Whatever you decide to do, take care not to isolate yourself especially with a hobby. Make sure you are engaging with others and that you get out of the house on a regular basis. Maintain those contacts with fellow workers....go to lunch
7. Get active before you retire... try out your interests

C. GROWING in Retirement...opportunity for enrichment, satisfy a curiosity, branch out into something new

1. Continuing Education.... local community colleges or UCF opportunities tailored for seniors....ie learn how to buy and sell on EBAY, computer courses, cooking, investing, etc.
2. Community involvement.... government participation.... run for office or volunteer ie planning commission, neighborhood watch, scouts, events. Churches are always looking for help in their outreach programs.....working with homeless or unemployed...be active in SWRA.....attend Financial Group meetings
3. Friends and family...share your plans with family, alert your friends.... strengthen family connections (grandchildren). ...Facebook, blog, go out to dinner or show, play bridge
4. What is your legacy....work on those things that define who and what you are
5. Contract work....if it is what you want to do,do it as long as you enjoy it and it provided fulfillment....watch impact on Social Security benefit

D. Maintaining your HEALTH.....must take full responsibility for your own health....make the commitment now... begin the battle against physical decline.... cannot stop it but can manage it..... the healthier you are, the better to fight off whatever disease comes along.....do not give in....be determined

1. Understand your healthcare coverage options, evaluate alternatives... consult an expert for advice. The information is constantly changing!
2. Emphasize prevention..... diet, exercise, sleep, physical exams, stay active
3. Take up a physical activity.... tennis, bowling, biking, swimming, golf with walking,.....no excuses
4. Avoid stress....get plenty of rest

5. Do not be old at 75 but be young at 85

E. **LOCATION**..... what is your criteria---be near the kids or grandkids.....weather, maintenance, living expenses, proximity---shows, cultural events, activities—skiing, fishing, beach bumming... functionality, i.e. studio, workshop, office

1. Do your homework...research/visit/talk with residents/taxes/cost of living difference
2. Consider access and convenience of support services, transportation, volunteering, cultural-educational opportunities, and leisure activities
3. Staying put....ability to handle cost/upkeep, downsize in place or rent
4. For foreign location consider culture, language, travel, support services especially medical
5. Consider availability of possible eventual caregiver services
6. Try out a possible new location before retiring

F. **DEPARTURE from Siemens**

Evaluate when to retire...pre 66, at 66, post 66.... financial plan, interests, expertise, insurance costs pre-retirement can be significant

Be prepared in case you decide to retire immediately. Review what's on the website, talk to the retirement specialists (if that's allowed). Talk to recent retirees. Medicare and insurance options can be confusing.

When you do start what Siemens likes to see as a 3-month process, talk to several retirement specialists. You'll be assigned one, but when you call you'll invariably speak to others. Some are more knowledgeable than others. Ask the same questions several times. Take good notes, they don't provide much in writing.

You may have problems coordinating the start of Medicare Part B with your retirement date if you leave Siemens at the end of the 7 month window (around your 65th birthday) to sign up for Medicare. Despite phone calls and visits to the local office, for reasons not understood, the Social Security office wasn't able to make that happen in at least one case.

You'll be asked if you want to be contacted by Hewitt's retirement health care specialists to recommend a Medicare Advantage or Supplement plan. If you do, review their recommendation carefully as it may not be tailored to your specific situation and needs.

If you've worked for Siemens for some time, you probably have a pension benefit. There are a number of options (lump sum, 100% joint and survivor annuity, 75% joint and survivor annuity, etc. One set of options include what they call a "Pop up," where should your spouse pass away first, your pension "pops up" to what it would have been if you had selected the single annuity. This one was not even mentioned in the detailed plan information. While you think you'd pay a penalty for this benefit, in a number of individual situations it provided an increased payment compared to an annuity without the pop up. The benefits people could not provide a good explanation of why that was the case, but apparently there is no downside to taking the pop up option.

The process for your final few days is fairly well documented (turning in your badge, phone, credit card, computer, etc.). If you are entitled to a retirement award, be sure to make it happen (it's not automatic and can be significant). Getting a pay slip after you leave Siemens requires some effort.

Announce as soon as you can

Transition your work in enough time to avoid last minute problems

Train your replacement or if not aboard leave instructional notes

Get your paperwork completed and signed off as early as possible

Decide and advise if you would be a contractor coming back

Seek advice of retirees

Collaborate with spouses on goals, plans and decisions

Prior to departure implement a social portfolio for interests relationships, group activities—including linkage with co-workers and fellow retirees

G. The 8 components of a Prosperous Retirement

Physical Health

Mental Health

Diet

Exercise

Social Relations

Personal Relations

Intellectual Stimulation

Spiritual Balance

H. Retirement Risks

Longevity – How long will I live?

Investment proficiency – Do I have enough? Will my money last?

Inflation
Interest Rate
Stock Market (ROI)
Public Policy (tax rates)
Healthcare – Will I be healthy?
Independent Living – When will I start to lose it? (Physical, Mental)
Housing Needs
Family Issues
Incapacity

Good Reference: “The Boomers Guide to a Great Retirement” by Jonathan D. Pond (332.0240-14Pon)
Mutual Fund Primer “A Random Walk Down Wall Street” by Burton G Malkiel
“Extreme Ownership” by Jocko Willink and Leif Babin; How Navy Seals lead and win

George Baker
gbaker6335@cfl.rr.com

John Blake
John5670@aol.com