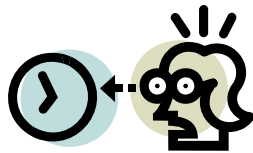


Financial Management

Now That I am Fifty What Do I Do About Retirement

Retirement Planning, Is it too Late?

It is never too late (nor too early) to start preparing for retirement. There are many actions you can take now that will have a positive impact on your life during your retirement years.



Step 1 Have a Clear Picture of Your Current Financial Situation.



In order to have a plan you need to start by knowing where you are now. Put dollar amounts to the following items.

- Total Monthly Net Income
- Total Monthly Expenses
- Total Monthly Debt Payments
(separate debt from other monthly expenses)

Step 2 Picture Yourself in Retirement.

Where you will live, what you will do with your time, etc? Think about the kinds of activities you will be involved in when you are retired and what activities you will no longer be involved in once you retire. What kinds of clothing, transportation, and equipment will you need or no longer need.

Step 3 Increase Current Savings and Decrease Current Debt

- ◆ Start incorporating money saving behaviors before you retire such as:
 - ☺ Eating at home rather than eating out or ordering in
 - ☺ Bring your lunch to work 2 times a week
 - ☺ Replace one soda a day with a glass of water
 - ☺ Shop differently, use coupons, buy generic
 - ☺ Buy gently used items
 - ☺ Increase contributions to savings plans



- ◆ Pay down or pay off credit cards
- ◆ Do not use credit to cover gaps in your income
- ◆ Stop incurring new debt
- ◆ Start an emergency fund or continue one

Step 4 Develop a Financial Plan for Retirement

- A) Pick a Date—When do you plan to retire?
- B) Develop a spending plan for when you retire.
Identify: total monthly income
total monthly expenses
total monthly debt payments

Note: Some expenses may increase during retirement and some might decrease. For example, you may need less job related clothes and health insurance may cost more.

- C) Keep in mind how long you plan to be in retirement if you live until 85 or 90 or longer. If you're in your 50's, you still have another 30-40+ years that you can let your retirement savings grow while you take out a little bit every month.

Retirement Income

What sources will I have for monthly income when I retire?

- A) **Social Security**
Ask for your Social Security Work Statement to find out what your benefits will be (form #7004 . Call Social Security 1-800-772-1213 or <http://www.socialsecurity.gov>
- B) **Retirement/Pensions**
Call your employer and ask for a projection of your monthly pension income or amount of retirement based on your retirement date.
- C) **Savings/Tax-Deferred Accounts**
Determine the value of what you have already saved in taxable and tax-deferred accounts.



D) Wages/Income

Could you find ways to create income during retirement?

Some ideas are to work part time for someone else, work part time doing a service for others like home repairs, or babysitting, and/or sell items you no longer need or use. In 2002 AARP stated; "We know that about 80 percent of baby boomers expect to keep working past traditional retirement age, either full-time or part-time." The "three-legged stool" has become a four-legged chair to include earned income.



Use your creativity to find alternative sources of income

Monthly Expenses During Retirement

Determine what your monthly expenses will be during retirement. Consider housing, medical expenses, utilities, maintenance of home and car, food, clothing, personal care, insurance premiums (car, house medical), recreation, transportation, gifts, and taxes (income, real estate).

You may find that you are in a lower tax bracket and can also take advantage of well-deserved senior discounts at many restaurants, movies, grocery stores, etc. Experts suggest that your monthly post-retirement expenses will be around 75% of what they are before retirement. Make that 85% if you have a rent or mortgage payment.

INSURANCES

Health Insurance

Health care costs can add up quickly and health insurance can provide financial peace of mind. Find out what your options are for health insurance. Call AARP and/or your local Department of Aging.

Life Insurance

During retirement, consider your need for life insurance, esp. if you have other resources life insurance may be to help support a surviving spouse and/or burial cost.

Author: Gayle Rose Martinez, AFC, Family Living Agent
Clark County University of Wisconsin-Extension
Peggy Olive, Family Living Agent
Richland County University of Wisconsin-Extension

Reviewer: Michael Gutter, Asst. Professor UW-Madison
Family Financial Management Specialist, Family Living Program
Mary Fran Lepesky, AFC, Associate Professor, Family Living Educator
Ozaukee County University of Wisconsin Extension

Resources: Beyond Fifty: America's Future, William D. Novelli, July 20, 2001
http://www.aarp.org/about_aarp/aarp_leadership/on_issues/aging_issues/a2002-12-31-novellicleveland.html

Renters or Homeowners Insurance

Be sure to keep an inventory of household items. Receipts and photos or videos are very helpful in determining your household inventory. Review your policy to make sure you have adequate coverage for your property, possessions and liability for anyone who comes into your home.

Long Term Care Insurance

This insurance becomes more expensive as you age, and several factors need to be considered before selecting a policy.

http://oci.wi.gov/oci_home.htm

ONLINE RETIREMENT RESOURCES

University of Wisconsin Extension Resources

http://www.uwex.edu/ces/flp/economics/resources_other.cfm

Ball Park Estimators

www.choosetosave.org

USDA Later Life Financial Security

http://www.csrees.usda.gov/nea/economics/fsll/cons_planning.html

COMMUNITY RESOURCES

Wisconsin Bureau of Aging & Long Term Care Resources

1 West Wilson Street, Room 450
Madison, WI 53707-7850
608-266-2536

http://www.dhfs.state.wi.us/aging/baltcr_aging.htm

AARP

222 W Washington Ave, Suite 600
Madison, WI 53701
866-448-3611
wistate@arp.org
<http://www.aarp.org/state/wi>

For more information contact:

Gayle Rose Martinez, Family Living Agent
Clark County UW-Extension
517 Court Street, Room 104
Neillsville, WI 54456
715-743-5121
gaylerose.martinez@ces.uwex.edu