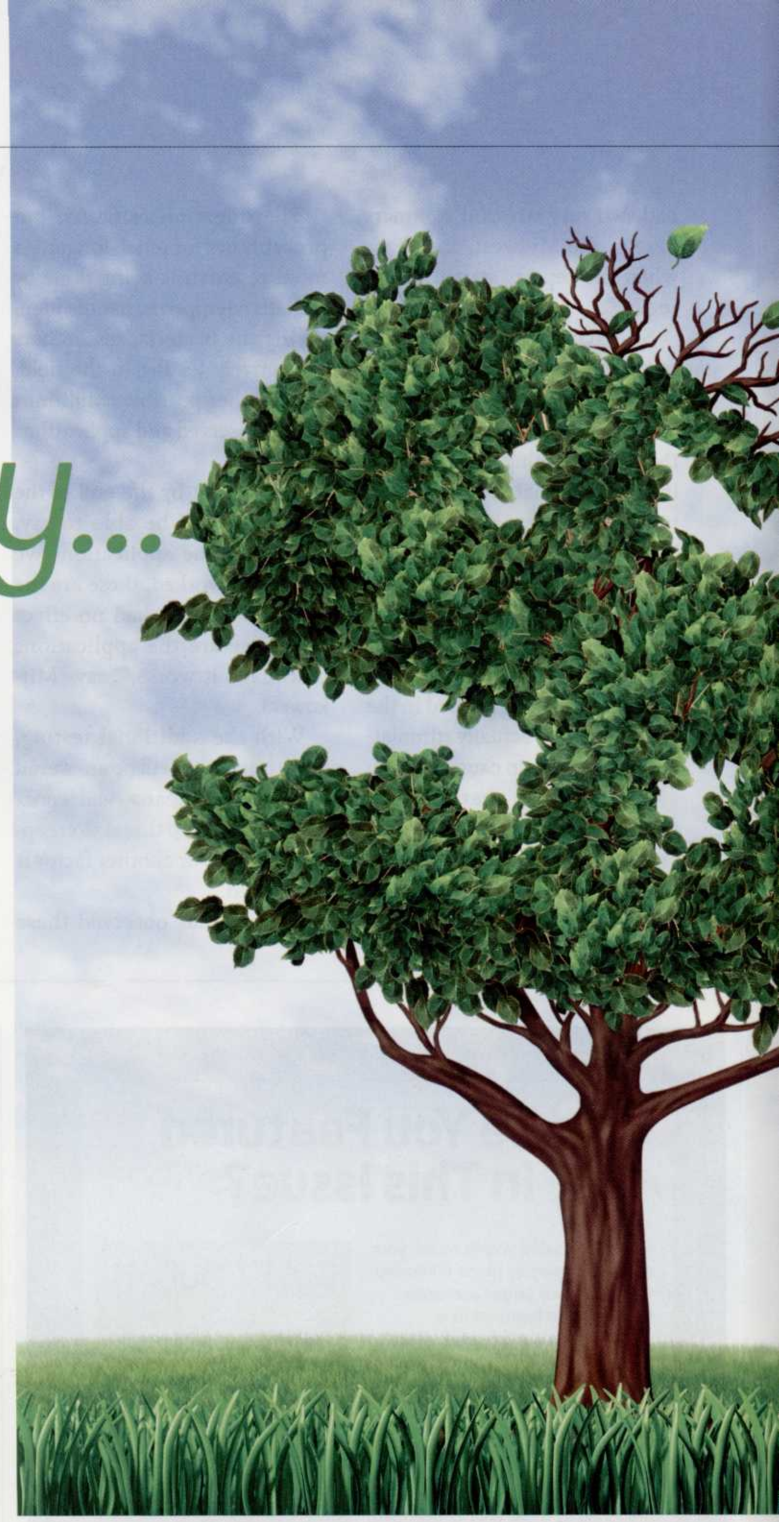
TIME... *and money...* FLIES



DREAMSTIME

As you approach the later years of your career it's prudent to evaluate and prepare for life's final act.

by Bruce R. Williams, CGCS

Sometimes it takes the loss of a loved one or friend for any of us to understand the harsh reality that we won't live forever. Unfortunately, most of us would like to believe we will live forever and there is no real need to get our house in order. Often we see families left in disarray due to a lack of planning.

There is no exact age for retirement these days, but suffice it to say 65 is no longer an exact number for most to retire. As we all approach the later years of our careers it is a good thing to evaluate the next steps of our lives.

I'd like to share the sage advice passed on to me by my parents, estate planners and financial planners. First, I need to clarify that I am neither a financial planner nor a lawyer, so my comments are from a former golf course superintendent who has learned a few valuable lessons along the way. I strongly advise everyone utilize the proper professionals who can help you plan ahead to prepare for retirement and to provide for your family after you pass on.

PLANNING AHEAD. This advice isn't just for the geriatric crowd. In fact, planning should start as soon as any of us take on the responsibility of a family. A plan developed 30 years ago will need some adjustments over time, but the core plan should serve you well most of your life.

Experts say it will take about 60-80 percent of your current income to maintain your employed lifestyle after retirement. Unless you win the lottery, this requires a lot of saving and wise 401(k) investments or other retirement vehicle.

The recent recession reduced a lot of people's net worth and this will likely create unforeseen financial issues. Adjustments may include downsizing your house, working longer and taking a long hard look at a reasonable budget you can live with on a fixed income.

HAVE YOU PREPARED FINANCIALLY? There are a variety of tools out there today than can help you plan for retirement. All one has to do is conduct an Internet search for a retirement calculator and a variety of websites will show up. These are great generalized tools to assist you in planning. Numbers will still need interpretation, as there are so many factors involved in retirement planning and family support.

Previous generations have depended upon Social Security as a significant component of retirement income. While there are debates as to whether Social Security will be there in the future we have to deal with the system as we know it today. Every few years we receive information about the likely amount we

would receive each month from Social Security, when we retire. I recently read these mailings may be discontinued to cut costs, but the info is available from the Social Security Administration.

Social Security provides a lot of options. People used to be able to receive their full benefit at the age of 65, but the age for full benefits will be increasing in the next five years to 66 and even higher beyond that. Those who choose to receive the benefits early have options at reduced rates. My suggestion is to do the math and see what works best for you. The good news is if you work longer than the age of 65, you will receive a higher monthly benefit, which could be quite helpful.

For those who have contributed to Social Security at the highest level for their entire careers they can expect about $2,400 per month. This may seem like a lot but after taxes are taken out (yes, the IRS does tax you on that money) it may barely cover your real estate taxes and homeowner's insurance.

So what else do we need to consider as an income source after retirement or for those who survive us? Many of us once participated in a defined benefit program that would pay us a certain monthly rate if we worked for our employers until we were 65. Most of the defined benefit programs were converted to defined contribution programs by the mid-1990s. Those retirement plans contribute a specific amount of money each year to your 401(k) plan. It is up to each of us to see that those 401(k) plans are managed properly with the right allocation of bonds, stocks, cash, etc. There are a few rules with the 401(k)s when it comes to withdrawals. You must start withdrawing a certain percentage of the 401(k) funds when you reach a certain age. Check with your financial planner and accountant to make sure you follow the rules to the letter of the law. Also take advantage of any plan that has your employer match your contribution as it is like doubling your money that you will need in retirement.

BUDGETS. Every golf course superintendent has developed numerous budgets over the years. Just like a golf course budget, we need to develop a family or household budget for the working years and also for retirement. I would add another component to that and suggest adding a budget for your family or spouse in the event you pass on suddenly. We owe this to our families and this is the right thing to do!

INSURANCE. Life insurance is provided by some employers, and that is a good thing. But what happens when you retire? Now is the time to see if any and all life-insurance policies are transferrable to you as an individual. You may believe when you retire you won't need life insurance because you have covered the kids' college costs and even financed a few weddings. Your insurance agent should guide you in this endeavor. Trying to get life in-

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surance at a normal retirement age is nearly impossible. As we age we tend to have a few medical problems, and each of those is taken into account when we are quoted a monthly premium for life insurance.

How many policies do you have? The majority of the life insurance policies are either from the employer or paid for by the individual. Do not overlook some supporting life-insurance policies that come from other organizations that you might belong to, such as the GCSAA. Those organizations may not be aware of a person's death, so be sure to make your family aware of those policies and who to contact after your passing.

As current generations live longer than any before them we must consider additional insurance for disability and long-term health care. We must also take into account inflation as health care costs will likely see large increases over the years we're likely live past our points of retirement.

LONG-TERM HEALTH. I am not surprised to see elder care is considered to be one of the top professions of the future. This should only increase as the baby boomers reach retirement age. There are a variety of options for people today that could include a nice transition in our elder years.

When my parents were still quite healthy they opted to buy into an assisted-care facility. They were only in their 70s, but realized their health was probably going to decline in the next 20 years. At first they lived in independent living and had a nice-sized apartment that worked well for their lifestyle. Eventually, my father moved into assisted care after my mother had passed away and received all the proper attention he needed after he was in his 90s. Now all of that did not come without a cost, and monthly fees can vary from $3,000 to $7,500 at some facilities. If we think back to a 401(k) plan that could be depleted and Social Security that may only offer $2,400 a month then it becomes obvious that you may outlive your money. My suggestion is to look into long-term health care insurance and disability insurance if you do not already have it. Few have the wherewithal to pay for


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such services for up to 30 years.

These are uncertain times for the future of healthcare, but suffice it to say it will be different than it was just a few years ago. My older friends tell me you have to sign up for Medicare in the year prior to turning 65. If you do not meet their timeline, there will be penalties. Best to check it out before you turn 64. Medicare does not cover all your costs for healthcare, so be sure you do your homework about not just regular Medicare Plan A but also Plans B, C and D. While your base medical costs will be covered under Plan A you will likely need to add the monthly premium costs for the other plans to your budget.

YOUR WISHES. It is often assumed "my family knows what I want." Are you really sure about that? Before I hit the ripe old age of 50 I engaged a local estate planner to assist me with formalizing my wishes for my family. This included the establishment of a will and a trust that would protect many of the assets I had accumulated during my career.

The simplest way I can state this is to tell you if you don't have a legal document that defines your wishes then the state you live in will decide some of those things for you. I prefer to set my own direction for obvious reasons. I strongly suggest using the advice of people who specialize in this area. They can offer you a variety of options to choose from. Avoid probate at all costs as your family will end up with less than the amount you have worked so hard to build up over 40-plus years of work.

At the time of developing your will you will have to consider who would be the executor, who would care for your children (legal guardian) and how your estate would be divided. I had to convert most of my assets to a living trust to avoid additional taxation.

Part of a will should include items such as potential power of attorney and clauses regarding decision-making for family members on "Do not resuscitate."

PAPERS PLEASE. All the planning you do will pay big dividends for your retirement and your passing. Be sure to develop a file or portfolio that contains all your plans and let your family know where that file can be found. Life is much easier for your family if they know where all your accounts and safe deposit boxes are located. You should have multiple copies of your will and trust. List all your potential life or health insurance policies. All of these things should be available in one central location.

It's never too late to start planning for your retirement. We should also plan for the time when we depart the earth.

Consult with professionals that can assist you and steer you in the right direction. That would include a financial planner, estate planner, lawyer, etc. The cost for their services will be saved several times over by developing sound investment and retirement strategies and avoiding probate after your passing. No time better than the present to get your house in order. **GCI**

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