



Senior spectrum NEWSPAPER



Adding Life to Years

by Lawrence J. Weiss, Ph.D.



How do you know if you've saved enough to retire?

It's the question all retirees and nearretirees ask themselves. Its also the first question most people ask their financial adviser.

Their main concern," says Vicki P. Schultz, a financial adviser and executive vice president of Schultz Financial Group Inc. in Reno, "is, am I going to run out of money." Except for perhaps the very rich, that question is impossible to answer. We can't know for certain if we've saved enough and invested well enough to live the way we want in retirement because, for one thing, we don't know how long we're going to live. The unknowable factor of longevity, along with future health, means the best we can do is make contingency plans to meet best- and worst-case scenarios. That's part of what financial planner Vicki Schultz helps her clients do, and it's why we invited her to give the first of three Silver Series talks at the university this fall focusing on financial health. She'll be speaking from noon to 1 p.m. on Tuesday, September 25, in the Alumni Room of the Jot Travis Student Union on the University of Nevada, Reno campus. Like all Silver Series talks, the event will be free, and healthy snacks will be provided by the Sanford Center for Aging. Please call 784-4774 if you plan to attend; it helps us know how much fruit and vegetables to order. Attendees are encouraged to pack a lunch to go along with the healthy snacks and drinks.

We're lucky and very grateful to have Mrs. Schultz, who was named by Worth Magazine as one of the nation's top 250 financial advisors for nine consecutive years and in 2004 was listed among the top 100. She has been quoted in such publications as Forbes, Money, Self and Ladies Home Journal.

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She says some of her older clients who grew up in the Great Depression worry about surviving in retirement even though they're financially well off. But many others approaching retirement have good reason to worry.

Personal savings rates in the United States are near all-time lows. Only one-half of workers participate in employer-sponsored pensions, and few of those plans have traditional defined benefits. One survey found that 64 percent of current U.S. retirees feel prepared and only 38 percent of those still working felt prepared.

I personally think preventive health practices are a better investment against prolonged stays in nursing homes than insurance, but some people consider purchasing long-term care plans. The costs of these plans vary widely depending on coverage options and even family medical history. Andrew Perwein, president of ACS Insurance Services Inc. in Reno, says he recently researched plans for a 58-year-old man and the annual premiums ranged from \$1,269 for up to a two-year benefit period to \$7,679 annually for an unlimited benefit period. Insurance professionals recommend that if you're considering long-term care insurance you buy it while you're in your 50s because you may become uninsurable at later ages.

Many people view retirement as the end point of their saving and investment plans, when they'll simply be spending what they've accumulated. But Mrs. Schultz says you should expect to be more active as an investor in retirement than when you were younger. That's because you'll need to stay ahead of inflation and will be constantly liquidating assets like stocks and real estate into expendable funds to meet current expenses. She says she often works on a rolling, six-month investment cycle in which money-market accounts are constantly being replenished to meet expected expenses for the next six-month period.

The old rule of thumb was that one should expect to need 75 to 80 percent of one's pre-retirement income in retirement. But Mrs. Schultz says, "I found that's a falsehood." She says many of her clients spend 100 percent of their pre-retirement income in their early years because they're traveling to all of the places they dreamed of seeing. As they grow older and traveling becomes more of a challenge, spending tends to diminish, she says.

Other advice from Mrs. Schultz: Be realistic about the type of lifestyle you can afford. She recommends retirees deplete their assets at a rate of no more than 4 percent a year. "If you're spending 10 percent of your assets each year you're going to run into trouble."

If you can't afford the lifestyle you want, you may have to take a part-time job. If you do, you probably won't be alone. An AARP survey found that four out of five Baby Boomers plan to work in some capacity during retirement. If you have plenty of money to meet your retirement needs and want to help your loved ones, you don't need to wait until you're deceased and your estate is distributed. The tax laws permit you to give \$12,000 a year to any person without incurring a gift tax. If you're married, each spouse can give \$12,000 to that person.

People who aren't yet retired often ask Mrs. Schultz if they should buy their retirement home now or wait till later. Her advice: Buy it only if you're sure that's where you'll want to live. You might change your mind.



(Lawrence J. Weiss, Ph.D. is director of the University of Nevada, Reno Sanford Center for Aging and an adjunct associate professor of medicine. He welcomes your comments on this column. Write to him at weisslj@unr.edu or c/o Sanford Center for Aging, Mail Stop 146, Reno, NV 89557-0146.)