



Financial Choices

The statistics are alarming: In a recent Employee Benefit Research Institute Retirement Confidence Survey, more than half of American workers (57%) report they and/or their spouses have less than \$25,000 in total savings and investments for retirement (excluding home and defined benefits plans). Twenty-eight percent of those have less than \$1,000.¹ Planning ahead for your future will not only give you a better chance at the lifestyle you'd like as you age, but will help you anticipate health care and long-term care expenses. Even if you are already in retirement, there are things you could do to maximize your income. Advice from a trusted and credible financial planner could help. Use this chapter to begin the talk and develop your plan.

¹ http://www.ebri.org/pdf/briefspdf/EBRI_IB_03-13.No384.RCS.pdf

State of Affairs: Research



The majority of adult children and seniors feel as though they should be **fine financially** in the future.

More than

16%

of adult children surveyed say their parents may need financial help from them in the future, while only 10% of parents surveyed believe they will need such help.

Of the following three topics:

- **sex life**
- **need to move**
- **financial situation**

19% of parents surveyed say financial situation is the most difficult to discuss with their adult children.



Source:

Home Instead, Inc., franchisor of the Home Instead Senior Care® network, completed 600 telephone interviews with seniors age 65 and older and 600 interviews with adult children of parents age 65 and older in the U.S.

For the full executive summaries, go to

4070Talk.com.


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ACT



ACT (*Assess, Consider, Talk*) to help determine how your future will look. Completing the following exercises could help prepare you for the kind of future you desire.

Assess

Try to visualize the kind of life you want as you age. Do you desire the same standard of living you have now or better? How will you prepare for unexpected medical emergencies?

Picture the financial future you see for yourself. Regardless of what stage you are in life, what are your goals? Where are you now and where do you want to be?

Estimate the cost of staying in your own home versus going to a care community. (*If you did a cost analysis in the living choices chapter, refer to that.*) Check into care costs in your area and compare to costs of mortgage/rent, utilities and yard or general maintenance. Would you need to remodel your home to stay as you age or to sell it and, if so, what would be the extent? Can you afford to continue paying property taxes on your home?

Consider

Identify and contact a trusted financial advisor who could help you achieve your goals.
Consider appointing a person with power of attorney for finances.

Consider what it will cost in terms of the living option you have selected, living expenses, and leisure and travel activities. Will you travel and how much? Short monthly trips or a big vacation a year? Will you continue to work, at least part-time? How will you spend your leisure time and how much of your life will be spent on relaxation and hobbies versus work? If you are already in retirement, consider what changes you will need to make to meet your goals.

Health also could impact you. Consider how you will pay for health and long-term care costs? No matter where you are in the aging process, it's not too late to ask your financial planner to help you estimate what you need to cover those expenses.

Talk

Discuss your goals with a trusted and certified financial planner. Talking can help families – particularly an older adult – feel more in control, like a weight has been lifted from their shoulders. Discussions can make these issues tangible and bring them out into the open.

After assessing and considering, write down your financial choices. And consider how you would discuss with a family member your financial expectations and needs. Discuss the importance of a will and any next steps needed.

Refer to the following conversation tips and suggestions for help communicating your wishes.

Conversation Tips

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“The recession has hit us all hard, Dad. Should you consider downsizing?”

“I’m looking forward to the years ahead. To help ensure I won’t be a burden on anyone, I’d like to share my plans with you and how I hope to finance those plans.”

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“With your problems, Mom, should we go see a financial planner to find out what sort of care we can afford?”

If you anticipate money will be a problem: “I may have to scale back my plans for retirement. Here’s why and the amount of money I anticipate needing in my later years. I think I’d feel better with a plan. Can you help?”

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Talk

If you live alone:

Appoint a person with power of attorney to help if you no longer are able to make decisions. Another suggestion would be to set up automatic bill pay.

Consider

If you are part of a blended family:

Consider independent financial counsel for each family member.

Assess

If you have dementia:

Make sure important financial information is secure, including bank and credit cards. Consider appointing a power of attorney. Address timing since the disease could impact income requirements and care options.

Learn More

The following tools and resources can help families developing an action plan:

Genworth/Long-term Care Insurance
Genworth.com

Financial Mentor Ultimate Retirement Calculator
FinancialMentor.com

MSN Money "Plan Your Retirement" Calculator
Money.msn.com

Society of Financial Service Professionals (FSP)
FinancialPro.org

My Social Security (for benefits and other important Social Security information)
ssa.gov/myaccount

Social Security Administration Retirement Planner: How Should I Prepare for Retirement
ssa.gov/retirement

American Association for Long-Term Care Insurance
aaltci.org

AARP
AARP.org

Top 10 Ways to Prepare for Retirement (U.S. Department of Labor)
dol.gov

U.S. government benefit and assistance programs
benefits.gov

The Forbes Retirement Guide
forbes.com

American Bar Association Power of Attorney
americanbar.org