

I have been retired two times, once for two years from 2002 to 2004 and then finally for good in 2008. Because of this I now have a different perspective on the things that are really important and key to a successful and happy transition from the daily grind to being able to choose the things you really enjoy doing every day.

First of all, I have learned that retirement is about more than money. Don't get me wrong, money is a critical component in the retirement equation, but there are other variables that are just as important. I will use this article to begin to acquaint you with the other variables to consider before taking that big step to the other side of the daily work world.

***Think of planning for retirement like building a house or buying your dream home. We all know that a house will not last long without a strong foundation.***

Think of planning for retirement like building a house or buying your dream home. We all know that a house will not last long without a strong foundation. Sometimes with house hunting we spend more time on the fancy amenities like a swimming pool, surround sound in the family room and so forth, but forget to notice a large crack in the basic foundation. We

tend to do this in retirement planning as well. We envision having a luxury retirement experience, yet often we don't do the hard work to ensure there is a strong foundation that prepares us to enjoy that big day. What will you do when the company gives you a

“gold watch”, pats you on your back and sends you on your potentially merry and confused way?

Here is my perspective on how to build that strong foundation to ensure that those who are serious about enjoying the good retirement life will have the opportunity to do just that. A major consideration in your foundation equation is your health. It's important to develop a PERSONAL HEALTH PLAN that gives you the greatest probability of actually reaching retirement age. Currently, the accepted age of

retirement is when an individual is eligible for full social security benefits. This age, (approximately 65), is a sliding scale now, based on the month and year you were born. It's also quite possible that it will be raised with a quantum leap to age 70. Remember, anything is possible given the state of our federal, state and local governmental budget issues, so you have to be prepared.

According to Administration of Aging (AOA), “the average life expectancy of African

Americans is 70.2 years compared to 76.5 for all other population groups. The difference in life expectancy is even more striking among African American men, who have a life expectancy of only 66.1 years, compared to the national average of 73.6 years for all men”. If you develop a good health foundation early, chances are you will live much longer than the actuarial tables project. Scheduling an annual physical check

***The average life expectancy of African Americans is 70.2 years compared to 76.5 for all other population groups. The difference in life expectancy is even more striking among African American men, who have a life expectancy of only 66.1 years, compared to the national average of 73.6 years for all men.***

up, developing and following a regular weekly exercise plan, and a reasonable diet low in cholesterol, fat, sugar and man made ingredients will increase your odds of becoming an octogenarian.

Okay, you now have a reasonably good health foundation, now it's time to think about how to approach your EMPLOYMENT FOUNDATION for the decades you plan on earning income until retirement. It's important that you take good care of your job,

***Unless you plan on marrying into wealth or winning the lottery, the management of your earnings source is a close second to good health.***

which is unusually your major income source. Unless you plan on marrying into wealth or winning the lottery, the management of your earnings source is a close second to good health. Some of the things that you can do to maximize your

retirement savings while working is to participate with the fullest amount allowable in your company's 401k plan. For example BGC organizations offer anywhere from 3-5% contribution to your personal retirement account. At minimum you should match that amount and not touch these savings until you are ready for retirement. I further suggest that you supplement your personal contribution so that the total equals 10%.

Remember, in retirement planning, it's important that you pay yourself first. I call this portion of the plan, "Who wants to be a millionaire?" This is because time and compound interest are on your side if you start early.

MEDICAL COVERAGE is the third leg of your foundation. Make sure you understand what you and your family's position will be from a medical point of view. Will

your company provide medical coverage after retirement? What are the rules of Medicare and Medicaid? What is your plan for supplemental medical coverage for your eyes, teeth and prescriptions? How much is COBRA, how long does it last and what will it cost in the future? Do you have Veteran's benefits and are you taking advantage of them. If not, you need to register right away because their rules move around, and like everything else, they never get better. Since you will probably live into your 80's with this new health focus, have you considered Long Term Care (LTC) Insurance? If you get sick and it requires long term care, how will you pay for it? There's a joke about Medicare..."Medicare only cares if you are going to get better!" Medicare only covers a specific time period and from that point on you have to use your personal assets to cover your expenses. Many people have gone broke because they didn't properly plan for long term care. Remember Medicaid doesn't kick in until you are flat broke and then it's only at a bare subsistence level. The other important point about LTC insurance is, premiums are a lot cheaper when you start young versus obtaining coverage in your 60's. Quality coverage could be less than \$100 per quarter if you are under 40 years of age. Check it out because you may need it.

Have I scared you yet? No? Well let's talk about the PSYCHOLOGICAL structure of your retirement foundation. I haven't forgotten about the financial piece but that comes much later than the things we are discussing now. You must have your mind right when you retire. You can't just start getting your act together at 65. Consider the following... Do you have healthy family relationships or are you carrying grudges that really don't and won't mean anything in the long run? Remember, these so called

enemies might be the same folks who have to take care of you when you are sick, or bury you in the end. Forget about those minor issues and enjoy your family while you can.

The other side of the coin is who will you have to take care of? Do you have elder parents, dependent children or close relatives who will require you to be their primary care giver? What's your plan to continue in this capacity after you retire? On the lighter side, do you have sufficient hobbies to keep you busy in retirement? Free time can be a gift or a curse. Remember what your parents told you, "an idle mind is the devil's workshop." What activities do you love now and want to be more involved in once you have the time to devote to them? Building and enjoying close relationships outside of your family is also important. Becoming involved in fraternities, sororities, church ministries and alumni associations are just a few of the possibilities to consider as you build this portion of your foundation.

***Plan to hang around with people of all ages when you retire or you will just be another old person at the McDonalds getting that senior coffee.***

For example, I took up running after my first retirement in 2002. Since that time I have completed 5 marathons, 10 half marathons and numerous other smaller races. Besides enjoying the health component of this activity, I have made many new friends of all ages; which brings up another point. Plan to hang around with

people of all ages when you retire or you will just be another old person at the McDonalds getting that senior coffee. Mix it up. Get the senior coffee, but also continue

to grow by staying involved with multiple generations of folks. It's also important that you develop a strong spiritual base by staying involved in the religion of your choice. Consult with your spiritual leader to help you through possible tough or depressing situations. In a word, don't be afraid to ask for help. Routinely gather around positive people so that you can keep a positive attitude, which will help battle those unexpected vicissitudes of daily life. Above all, visualize what you want your life to be like well before you step into that new exciting retirement adventure.

Finally, we get to the part that everyone thinks about: The FINANCIAL part of your retirement foundation. The first thing to appreciate about this part of your foundation is that time and the magic of compound interest are your friends. They are really your friends if you start building financial wealth at an early age. In your 20's they are your true lovers, in your 30's they remain strong partners, in your 40's time and compound interest are still wonderful friends. If you wait until 50 you can still do some serious romancing but the thrill is almost gone. Your 60's is not too late but they will only be a quick date. All I am trying to say is that "Who wants to be a millionaire" becomes harder to realize the longer you wait. The earlier you start the smaller the dollar increments you will need to reach what ever magic number you set for yourself. When your are 25 it only takes \$75 per month at an average 8% interest rate to accumulate \$250,000 by the age of 65. To achieve the same dollar amount starting at age 40 will take \$267 per month. It's not impossible but just gets harder as you move up the age continuum.

It's important to pay your self first. Most people underestimate their post retirement needs. My experience says that your expenses will only be reduced by about 20%. Unless you want to experience a dramatic lifestyle shift you must plan ahead properly to enjoy the exciting things retirement has in store for you. It's important to set a financial end point and then work backwards to figure out, with the use of a compound interest calculation, what you will need to make it a reality. Planning can ensure that you make the future and not let the future dictate to you. One way to start is to go through the same process you do at work. Develop a financial plan, showing projected revenues and expenses for your retirement. Alternative sources of revenue you might tap are a reverse mortgage, home equity lines of credit, redeeming US savings bonds, forced distributions of IRA's (understand the law) and any annuities that you are invested in. On the front end, also be aware of the cost of getting into certain investments. There are in/out fees for investment instruments like annuities and special income funds. If an investment sounds too good to be true it probably is.

Once your corpus reaches over \$150,000 it's a good idea to get with an independent financial planner and have her help you filter the many investment opportunities available to you. Just remember that person works for you and you should always make the final investment decisions. Sixty percent of financial planners fail to beat the annual Dow Jones average. Since you are responsible for your own destiny and time is on your side, a good rule of thumb is to focus on 100% equities if you are pre-40 years old. You can accomplish this by investing in mutual funds coupled with something called a dividend reinvestment plan or DRIP. Another rule is, after age 60

begin moving your investments to a blend of equities and fixed income so that by retirement your portfolio is approximately in 65% fixed investments. This balance or equation is always sensitive to your own personal risk tolerance. The more risk you can stand the larger your portfolio will be in equities.

So many people plan their finances, but fail to plan their legacy. We are all going to die but your financial legacy can live on with the proper planning. So get with a legacy or estate planning attorney to have them draw up the trusts, healthcare powers and other documents to reduce family chaos. With the right planning you can avoid guardianship battles and “pull the plug” drama. You don’t want your kids and other relatives fighting over your estate because you died without a plan. Be careful who you name as legacy trustees because it’s a complicated task. I have chosen to name a trust company to help my named trustee carry out my plan. These companies are in that business. The up front cost of planning and the nominal trust fees are small change. Family peace and a smooth transition are priceless. Don’t forget to review your trust documents every five years because as we discussed earlier, things change and you want to make sure your beneficiaries are up-to-date. Again, remember the financial planner, trust or legacy lawyer and trust company work for you. Therefore you make all the final calls or decisions on what you want done. Notice we have developed five strong fountain pillars for your retirement planning. It’s going to be pretty hard to knock it over given its strength and steadiness.

Before you know it, that magical day arrives and you’re off to a new adventure. But wait a minute, there is still work to be done. You are now RETIRED and you want to

enjoy it for a long time. To do that you have to have a proper withdrawal plan! Your plan should assume that you are going to live at least to the ripe old age of 90. After all, you have been taking good care of yourself along with the other four strong pillars. Well, I hope these suggestions will get you started on the path of having a great, productive and happy retirement.