

RETIREMENT *IN* SIGHT

Presented by John C. Ferguson

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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"Life is an adventure in forgiveness."

- Norman Cousins

HEALTH TIP

See to your eyes

While most of us go in for annual physicals and twice-yearly dental checkups, a visit to the eye doctor every 12 months may not seem as high a priority, but it is important and essential. Have your eyes checked for glaucoma and other age-related problems once a year.

BRAIN TEASER

Cog Query.

A machine has four cogs in constant mesh. The largest cog has 72 teeth and the others have 36, 25 and 15 respectively. How many revolutions must the largest cog make before each of the cogs is back in its starting position?*

DID YOU KNOW?

Cold comfort in big buildings

A little-known secret: if you work in a large commercial or industrial building, adjusting the thermostat in your office will probably have no effect on the temperature. Most HVAC systems in office and warehouse buildings are regulated by a computer responding to sensors. The small wall-mounted thermostat boxes are often just "dummy controls" included by the HVAC contractor to provide a placebo effect for employees.⁵

WILL YOU SPEND LESS IN RETIREMENT...OR MORE THAN YOU THINK?

Does retirement mean reduced monthly expenses? For many households, the answer is "yes" – at least in the short term. The long term is another story.

A Morningstar study of federal government data finds that most Americans spend less starting in their sixties, whether they retire or not. Last year, T. Rowe Price surveyed recent retirees (median net worth: \$473,000) and discovered that the average couple was living on 66% of its pre-retirement household income – though as a *Money* article notes, the differential between pre- and post-retirement household spending is generally less for wealthier households than it is for middle class households. In *Barron's*, Rand economist Michael Hurd estimated that "spending will decline 16% to 25%" within ten years of retirement for most households, partly due to divorce or the death of a spouse.

The Morningstar research, however, asserts that retirees gradually spend less from their early sixties into their late seventies, but then spend more starting in their early eighties as they contend with larger healthcare costs. So while your expenses may decline in the early phase of retirement, they could increase markedly in the later phase. This is all the more reason to plan to retire on 75% or more of your final salary, and to consider your options to fund long term care.^{1,2}

MOST RETIREES ARE STAYING PUT

Decades ago, a move to the Sunbelt was part of the American retirement dream. You left the cold, you played golf or tennis, and you wore shorts in February. Today, that Sunbelt move is increasingly rare. As some recently released Census Bureau data shows, retirement and relocation have gotten less synonymous.

During 2009-13, just 1% of Americans age 65 or older moved to another state. In fact, only 5.7% of them moved into a new home. Most of those who did move ended up living in the same state, with a significant percentage of them choosing to live in the same county. All this suggests that retirees value support systems more than changes of scenery; warmer winters aside, nothing beats having friends and family close by.³

ON THE BRIGHT SIDE

In the Employee Benefit Research Institute's 2015 Retirement Confidence Survey, 28% of those participating in employer-sponsored retirement plans indicated they felt "very confident" about their prospects for retirement, double the percentage recorded in 2013.⁴

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*** TRIVIA ANSWER: Stumped? Contact me for the answer! 703-264-3323**

CITATIONS.

1 - tinyurl.com/ljd2op6 [9/20/14]

2 - time.com/money/3845784/retirement-rules-of-thumb/ [5/6/15]

3 - money.usnews.com/money/retirement/articles/2015/02/17/10-surprising-facts-about-retirement [2/17/15]

4 - thefiscaltimes.com/2015/05/05/More-Americans-Finally-Feeling-Better-about-Retirement-Plans [5/5/15]

5 - todayifoundout.com/index.php/2012/07/most-thermostat-controls-in-large-office-buildings-dont-usually-do-anything/ [7/18/12]