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Retirement – When? How? How long?

The fact is, one-third to one-quarter of your life will take place after you leave work. Want to hear a scary thought? The combined ages of the Rolling Stones when they begin their 2015 concert tour this summer will be 280 years. Frankly, one of my goals is to be in the kind of physical condition that Mick Jagger is in when I get to be his age (72 this July). Willie Nelson is 82. Now if these two rockers can abuse their bodies as they have and still be performing, there is a pretty decent chance of you living to age 85, 90 or longer.

Retirement. How do you define it? What does it mean to you?

According to Dictionary.com: noun

- 1. the act of retiring, withdrawing, or leaving; the state of being retired.*
- 2. the act of retiring or of leaving one's job, career, or occupation permanently, usually because of age: I'm looking forward to my retirement from teaching.*
- 3. the portion of a person's life during which a person is retired: What will you do in retirement?*
- 4. a pension or other income on which a retired person lives: His retirement is barely enough to pay the rent.*
- 5. removal of something from service or use: retirement of the space shuttle fleet.*
- 6. withdrawal of a jury from a courtroom to deliberate in private on a verdict.*
- 7. Orderly withdrawal of a military force, according to plan, without pressure from the enemy.*

However, the New Webster Encyclopedia Dictionary of the English Language, 1971 edition I found on the shelf at home says: “*The act of retiring, state of living a retired life; seclusion; privacy, or private abode. Retiring: withdrawing, retreating, reserved, not going forward; granted to or suitable for one who retires...*”

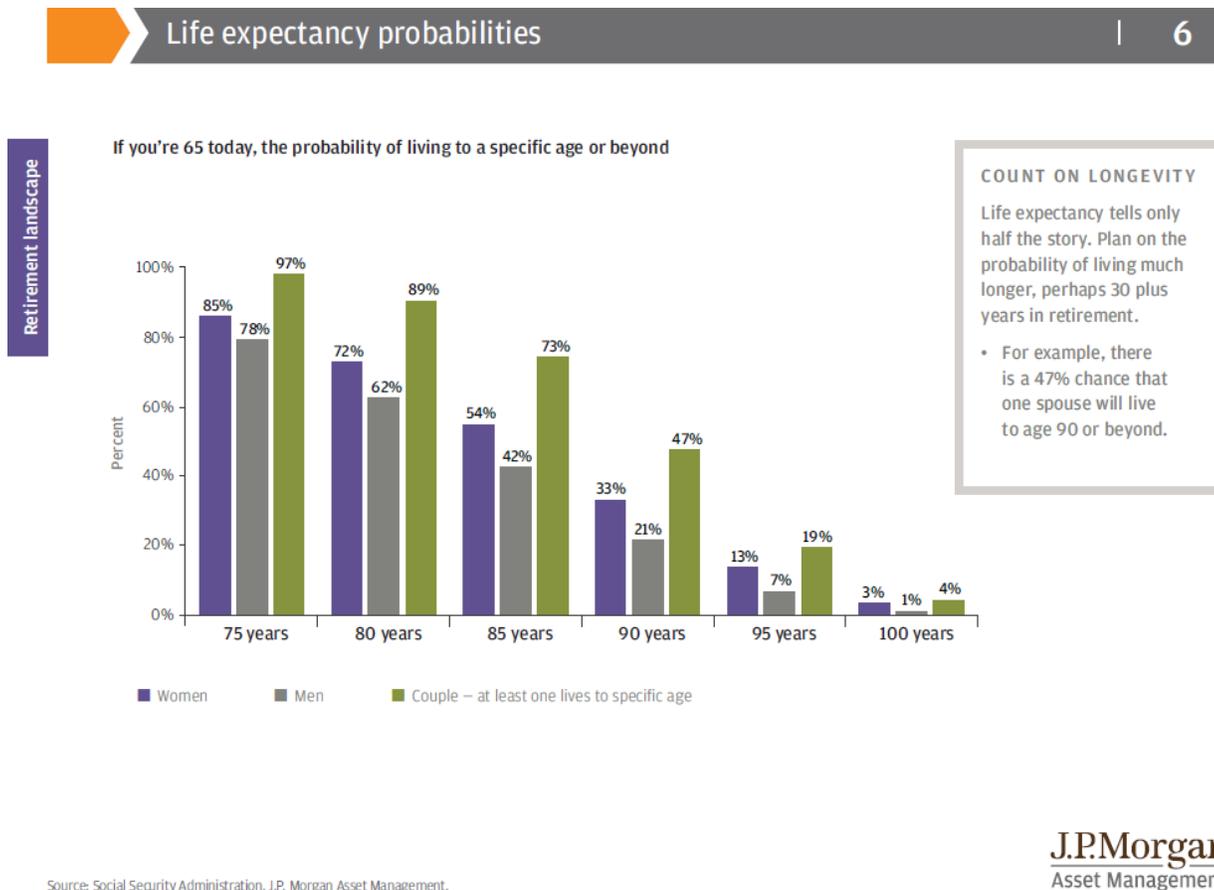
Sort of the same, yet I seem to feel that the tone is very different in the 1971 version versus what I read from the internet today. Think about it. What was retirement like for your parents or your grandparents compared to what you are experiencing today (if you are currently retired --- or shall we say, no longer working for money on a daily basis), or what you hope your life will be like when you stop working?

The question we will all need to ask ourselves is will our vision of life after work become our reality?

People today are going to live much longer. Fact: In 1950, 56.2% of men and 65.5% of women age 21 lived to age 65. Yup, just over half of the men even made it to 65. Men and women turning 65 in 1950 had life expectancies of 13.1 and 16.2 years. In 1950, America had 12.7 million people over the age of 65.

By 1990 72.3% of men age 21 lived to age 65 and 83.6% of women. Life expectancy at 65 in 1990 was 15.3 years for men and 19.6 years for women. America had 31.9M people over age 65 by 1990.

Today if you are 65, the probability of living to a specific age or beyond:



For example, a married couple age 65 today, has a 33% chance of her reaching age 90, 21% of him reaching 90 and a 47% of at least one of them trying to blow out 90 candles.

If you back that down to age 85, the odds are 73% that one of them living to age 85.

The new buzz word is **“Longevity Management.”**

Life Span

Health Span

Wealth Span

So if your “life span” is going to be age 90 plus, what about your **“health span?”** How healthy will you be? Kelly Ferrin, gerontologist, on her website kellyferrin.com states that aging is 70% based upon lifestyle and only 30% on genetics. She believes that physical and mental activity, diet plus attitude affect the quantity of life and not merely the quality. She claims that too many people live too short and die too long. On her website, she encourages us to engage in life with the intention of living a long time --- that means living....not existing....and certainly not dying.

Be honest. What are you doing to remain physically and mentally healthy for the rest of your life? Or are you abusing your body and brain? Life is full of choices, trade-offs and compromises. No guilt. Just the reality you select.

“If I had known I was going to live so long, I would have taken better care of myself.” George Burns

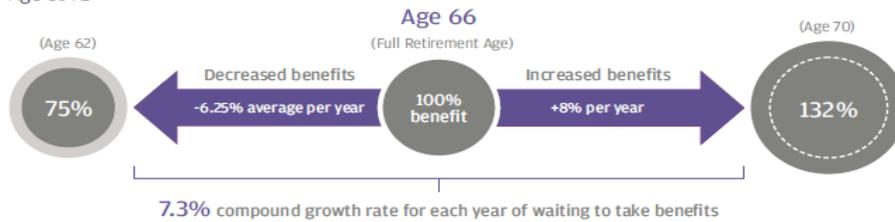
Speaking of reality. My phone just rang. It was a former employee who at age 73 is now living in Michigan to be near her family. She has had open heart surgery, both knees replaced and was going blind until she had cataracts removed. All she talked about were her twelve grandkids, four great-grand kids and how she used to make my son roll on the floor laughing 23 years ago. Physically, her reality is not so great. But she still loves to make people laugh.

What is your **“wealth span?”** Do you know how long your money is going to last? What is the rate of return you need and can reasonably expect from your investments? Are they the same number or do you “need” a greater return than you can reasonably “expect?”

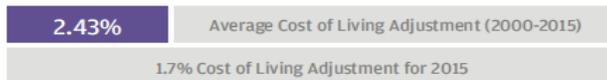
In order to maximize retirement income, consider delaying taking your Social Security benefits as long as you can.

Taking a fixed dollar amount from your investment portfolio or retirement account regardless of the climate of the investment marketplace, can lead to *“dollar-cost ravaging.”* Reducing withdrawals during market declines helps avoid selling securities at a bad time. Maintaining an appropriate low-risk reserve may allow you to maintain withdrawals during market declines without selling securities. Everyone has a different situation and should have a complete conversation with their financial adviser before making investment decisions.

Born 1943 - 1954
Age 61-72



Born 1960+
Age 55 or younger



UNDERSTAND THE TRADEOFFS

Deciding when to claim benefits will have a permanent impact on the benefit you receive. Claiming before full retirement age can significantly reduce your benefit while delaying increases it.

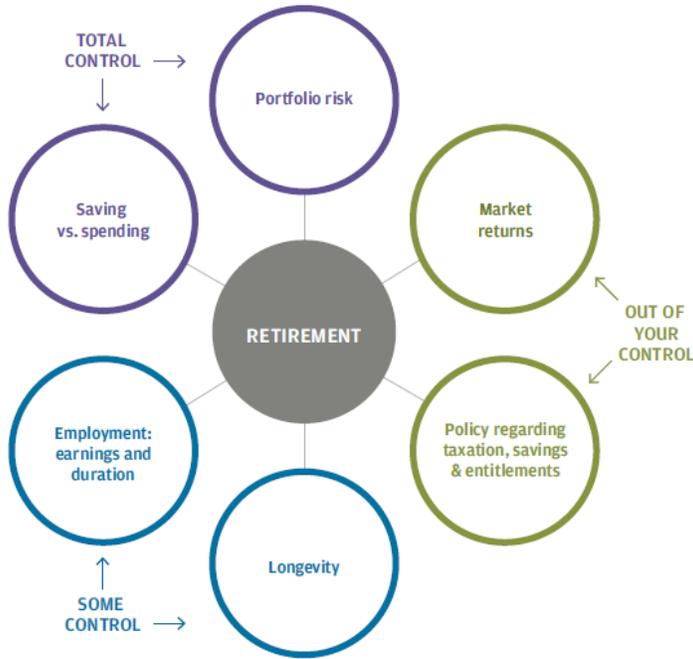
For illustrative purposes only. For 1955 - 1960, two months are added to the Full Retirement Age each year. Source: Social Security Administration, J.P. Morgan Asset Management.

J.P.Morgan
Asset Management

Have you openly discussed with your partner and children your preferences regarding both long-term care and end-of-life decisions? Have you placed your wishes into writing? Seventy percent of people that today are 65 and older will require some form of long-term care. How are you going to pay for it? Perhaps consider two financial plans. One that doesn't require the expense of LTC and a second that does.

What is important to you? Traveling the world? Driving a new BMW? Going to the gym, taking walks, playing golf and reading a good book? Volunteering for your favorite charity. Babysitting the grandkids? Taking the grandkids to Disneyland? Living long enough to see grandkids finish college and get married? Leaving a financial legacy to family and / or charity?

Spending decisions are made consciously. The same can be said for investment selection. The retirement equation below illustrates the various aspects of retirement and what is within and outside of our control.



A SOUND RETIREMENT PLAN
 Make the most of the things that you can control but be sure to evaluate factors that are somewhat or completely out of your control.

Source: The Importance of Being Earnest, J.P. Morgan Asset Management, 2013.

J.P.Morgan
 Asset Management

Knowledge is power. If you have not yet done a financial plan that takes into consideration all of the factors discussed in this newsletter, call my office and my team and I will help you carefully research your situation and explore options.

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