FINANCIAL ARCHITECTS INC.

Capital Blueprints for the Future

Volume 18 Number 3
Third Quarter 2010

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Managing Time & Living Life

Bringing balance to a busy personal and professional life is challenging. In order to accomplish all that seems necessary, most people resolve to work harder and faster.

Therefore, Americans are increasingly experiencing a time crunch. The result is mounting stress and com-promised health and vitality. And yet, despite their best efforts, many individuals express frustration about not being able to bring tasks to completion and having enough time to focus on what or who is most important to them.

No doubt, time is one of the most precious limited resources we have. In fact, most people feel that if they had a choice, they would pick having more time over having more money.

In your own life, you will find that one of the biggest factors that contributes to your life satisfaction is gaining (or regaining) a sense of control over how you spend your time. Ironically, Odette Pollar, author of Take Back Your Life, recommends that the best way to do more is to do less.

For example, don't keep trying to jam more and more into your over-crowded schedule. Instead, determine to drop several activities and demands. However, you will first need to analyze your priorities. Once you are clear on what is most important to you, then you can eliminate all that does not fit your criteria. Saying "no" more often will allow you to say "yes" to your priorities.

In your own life, you too will discover that the clearer your vision of the future becomes, the easier it will be to move toward that image.

In Getting Things Done: The Art of Stress Free Productivity, author David Allen offers a number of principles and practical suggestions for managing daily activities and responsibilities. He confidently proclaims, "It's possible for a person to have an overwhelming number of things to do and still function productively with a clear head and a positive sense of relaxed control."

A key practice in Allen's methodology for managing our lives is what he calls "outcome visioning." In other words, picturing in our minds—regarding any commitment, activity, or project—what "success" would look like and feel like.

Some individuals call this process a "mental dress rehearsal"—a way of imagining a desired result that helps them to gain clarity about available resources and creative approaches to achieving their goals.

In your own life, you too will discover that the clearer your vision of the future becomes, the easier it will be to move toward that image. In addition, as you intentionally "make room" in your life for what is most important to you, the sense of satisfaction and fulfillment you experience will increase and multiply.

Feel Like Un-Retiring? How to Prepare

Last October, the MetLife Mature Market Institute released a study that said the over-55 workforce will account for almost 93 percent of the net increase in the U.S. civilian labor force between 2006 and 2016. At the same time, MetLife reported that many American workers plan to stay on the job "at least" until age 69.

The Pew Research Center's Social & Demographic Trends Project echoed those findings in May 2009, saying that just over half of all working adults aged 50-65 plan to delay their retirement, with 16 percent saying they never plan to stop working. The issue, says the Pew study, is not about what these Americans earn, but how much they lost during the investment meltdown and the worst economic downturn in more than 70 years.

Add all these factors together and you have one of the most interesting labor situations for older Americans ever. That's why that for every retiree or potential retiree who feels they need to return or stay on the job, it's particularly important to review investment, insurance and tax issues. It makes sense to meet with a financial advisor such as a CERTIFIED FINANCIAL PLANNER™ professional.

Here are some critical points to address:

How are your skills? This is a valid point for current and potential retirees. The best job candidates are those with current skills in technology and procedures specific to an industry, so staying in the workforce may mean retraining. If there's a way to get an employer to pay, do it. But if you have to pay for your own education, you really need to weigh whether your earnings will justify it.

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Be realistic about your demographic in the workplace: While age discrimination is illegal, there are some workplace cultures where older workers frankly seem out of place. You have to ask whether you are going to be happy staying in a field that's populated by younger workers with different interests or whether you might try another line of work.

Consider how a return to the workplace will affect you personally and socially: If you're 40, 50 or 60, working right now probably feels like breathing – when have you not worked? But it may not be the best option after a year or two out of the workplace.

Consider health insurance issues: If a retiree returning to the workforce is already receiving Medicare or is covered by a "Medigap" policy, they may be able to lower their costs or improve their coverage by accepting group coverage as primary underwriter of their medical expenses. Since people over age 55 are generally the greatest users of the healthcare system, coverage issues are particularly important to run by a financial planner.

Know your tax picture: Tax issues shouldn't determine your ambitions and goals, but it's important to consider the impact full or part-time income will have on your finances. Most retirees realize that it doesn't take much income to knock them into a higher bracket. Look for ways to control the taxes you'll ultimately pay, including continued participation in qualified plans, IRAs, and other tax-favored accumulation vehicles and using annuity income to fill the gap between the beginning of the "post-retirement" period and the age when full Social Security benefits can be drawn without an offset for employment income.

Consider what earnings will do to all your retirement payments: If you are planning to continue working or returning to work, consider not only the tax impact, but also how that might change the way you plan to draw on your retirement savings and investments as well as Social Security. If you are planning to work, it's important you consider suspending or delaying receipt of those benefits for as long as you can.

Look for work-related incentives: Particularly for public sector workers, there are opportunities to return to state employment and actually augment existing pensions. Keep an eye out for these programs and see if they work for you.

Keep saving: If you return to the workplace, see what you can do to take advantage of your new employer's 401(k) plan or any other tax-advantaged retirement savings benefit, particularly if an employer matches your contribution. Don't miss a chance to enhance your retirement savings.

June 2010 — This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by Robert J. Cole, Jr., CLU, ChFC, CASL, CFP®, a local member of FPA.

The 4 Percent Rule

What is the Right Amount to Withdraw from Your Retirement fund each year?

With stagnant incomes and roller-coaster investment returns over the past decade, individuals on the brink of retirement might wonder what became of all those "rules of thumb" affecting how they handle their nest egg once they walk away from their jobs.

They're still there. But the question of how well they work comes down to the individual.

Chief among them is the "Four Percent Drawdown Rule" first revealed by CERTIFIED FINANCIAL PLANNER™ professional William Bengen in the October 1994 issue of the Financial Planning Association's Journal of Financial Planning. Bengen wrote that retirees who took out no more than 4.2 percent of their mostly stock-based portfolio in the initial year and adjusted their remaining portfolio toward a 60/40 split in stocks and bonds each year, that money could last an average of 30 years. That approach made Bengen's work a gospel in the financial planning industry.

"Set a vision of retirement and revisit it every year before and after you're retired."

But after this decade, which ended with the worst recession in 70 years, some experts are taking a new look at the 4 percent rule.

1990 Nobel Laureate William Sharpe of the Stanford Graduate School of Business reported last month that this particular rule can be harmful to many simply because of its level of risk tied to stocks and other assumptions including lifespan. He suggests that planners and investors need to do a better job of assessing client risk tolerance and consider more stable investment choices like TIPS (treasury inflation protected securities) among other low-risk options as a foundation for post-retirement drawdowns.

In other words, consider client risk tolerance and the content of the portfolio more, a standard percentage of drawdown less. In fact, Sharpe points out that investors actually risk wasting money by adhering to a percentage drawdown that actually could leave more money behind after a few good investment years – in essence, the annual strict drawdown concept could lower a retiree's standard of life unnecessarily.

So what do you do? You work on the big questions first, not the numbers, and the best time to do this is as far in advance of your retirement date as possible. Here are some conversation starters for key discussions you should have with your financial planner as well as your tax and estate experts:

Set a vision of retirement and revisit it every year before and after you're retired: If you've already been working with a good investment manager or financial planner, you might have already done this. But retirement goals change as most life goals do, so treat the subject organically. Talk about the fun stuff, but state your objectives for a post-retirement work picture if you want to create a new career or simply want healthier finances. Set your lifestyle expectations now and revisit them as necessary.

Track your working-life expenses for 3-6 months and examine how well your current retirement nest egg and other resources could support that spending: This is where your imagined vision of retirement becomes real -- or falls apart. A thorough examination of your current spending habits is a great first step in determining how realistic your preparation for retirement has actually been. It will also provide a picture of what else has to be done.

Consider worst-case scenarios: For many retirees, increasing healthcare expenses and the cost of end-of-life-care account for significant spending. As a result, many retirees may pay for expensive experimental treatments to fight disease

The 4 Percent Rule Cont...

or long-term home or nursing home care. Current statistics from AARP show that the average home health care aide makes $18 an hour and a private nursing home room costs $78,000 a year. While public aid picks up medical expenses for those who exhaust their assets in most states, most of us desire more than minimal standards of care. Health care reform is not even close to solving this problem, so it's time to plan.

Build a phased-in retirement: Many companies are becoming more open-minded about keeping older workers on the payroll or actually hiring more workers over age 60. Keep apprised of such opportunities and the skills it will take to take advantage of them – a successful phased-in or post-retirement work plan will require more than sensible financial planning. It may also require training and other personal investments, so keep your ear to the ground and always be ready to consider a fresh perspective on your value in the workplace.

July 2010 — This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by Robert J. Cole, Jr., CLU, ChFC, CASL, CFP®, a local member of FPA.

In My Opinion. . .

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Winding Down or Gearing Up?

I was having a phone conversation with someone the other day and during our discussion I was describing my time management system. Because of years of hard work and planning, I have been able to provide much more balance in my life. When I told him that I had reduced my work week to twenty hours, he stated that "it sounded like I was winding down my business in preparation for 'retirement'." I told him that I felt the direct opposite; that, in fact, I was preparing myself for the next fifteen years of my life plan, and was taking steps to assure that my goals would be met.

All meaningful goals must be reinvented as time passes. This is because of external factors (like the economy) or internal factors (like a shift in perspective) are constantly at work on us. Many believe that the "stress" that is produced from these factors is actually the source of our life essence. The irony is that many people believe the goal in life is to reduce stress as much as possible. What they may not realize is that in doing so they may also be diminishing their capacity, or "winding down".

The term "gearing up" refers to the act of defining and assembling the resources necessary for some action. In order for that act to be effective, thought must be given to what that action may require under a number of different circumstances. In hiking, this may mean adding some items to your first aid kit, or taking a heavier sleeping bag. In life, it means evaluating how you're are using your resources currently and making adjustments for what you anticipate you might encounter in the future. Perhaps the biggest resource is time, since it is the only one that you do not know how much you have left.

Prioritizing your resources is easy when you have a clear picture of what the goal is. What is amazing to me is how little clarity most people have when it comes to their goals. Life Coaching attempts to get people to delve deeper into their purpose and crystallize their thinking about the path of the future. The events of the past few years have once again proven that such a strong foundation helps you navigate the uncertainty with more confidence.

It seems like the time is right for you to consider what you are "gearing up" for….if you have trouble coming up with an answer, maybe you should "wind down" for a while and give some thought to why that is.

Until next time, that's my opinion.

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