

# Safe Money Advisory



## *What's Your Biggest Retirement Worry?*

**Houston, Texas  
For Immediate Release**

Your biggest worry about retirement is probably that you'll run out of money before you run out of breath. For the past two years, I have been surveying boomers and seniors and over fifty percent have voiced this fear. These same surveys also tell me "why" your greatest worry may be well-founded. The good news is that outliving your money is preventable if you'll do a few simple things. Let's see how.



Major medical problems, which are common as we age, oftentimes translate into constant care either at home or having to go to a nursing home. Either of these is prohibitively expensive and can quickly wipe out your retirement savings. The solution is to purchase insurance that covers the expenses of long-term convalescence care (LTC) regardless of where it is received. About three-fourths of all Americans will need such care in their lifetime. The main objection is that insurance is expensive and unless care is actually needed, the money paid is lost. This concern is addressed by using a linked-benefit life insurance policy that guarantees you a no-questions-asked return of the money you paid should you ever change your mind about having insurance. Also, it pays your heirs a tax-free death benefit even if the full LTC benefits were paid to you. By using a portion of your "rainy day" money, you can lay to rest your medical needs expenses. You should look into this today, because you face a real risk.

The loud voices of Wall Street and stockbrokers may have prompted you to put your retirement money in the market where it has shrunk dramatically. To keep you in the market, their "pitch" is: (a) over the long term you'll do better in the market, and (b) don't sell now because you'll miss the coming rally. Beware: this may or may not happen, because they obviously don't know where the market is headed. What we now know: markets are experiencing their second meltdown of the decade and could drop further. If you're worried about more losses, moving to safer alternatives now might be wise rather than trying to guess the market's direction.

If you have a 401(k) or other employer-sponsored retirement plan, you generally cannot transfer the money to safer alternatives while still working. Did you know that employers can easily modify their plans to allow withdrawals while still working, but few have? Most employer-sponsored retirement plans only allow you to transfer money before retirement age if you die, become disabled, quit or suffer a financial hardship. If your employer would add an in-service, non-hardship withdrawal provision to their plan, you could transfer money regardless of age, without triggering taxes, while still working and without quitting the plan. You should insist that your employer add an in-service withdrawal provision to protect your retirement. It costs the employer nothing.

About two-thirds of Americans start their Social Security benefits before normal retirement age, even if they can manage retirement by delaying Social Security. For many, this is the wrong decision, because their lifetime Social Security benefits will be cut in half. Social Security grows by 8% annually for each year postponed, and this adds substantially to the dependent spouse's survivor benefits. In a recent study, we documented that the average retired couple will get about \$200,000 more Social Security in retirement by starting benefits at the right time. Make sure you get Social Security "right" and don't pay unnecessary taxes on your benefits. You can get Social Security "right" by working with a financial advisor. Following the foregoing will lower the risk of outliving your money. Work with your financial advisor to (a) insure LTC expenses, (b) avoid unsuitable risk with your retirement money, (c) move employer-plan money to safer places and (d) get Social Security right.

**Shelby J. Smith, Ph.D.  
January 2009**