

THE LIFESTYLE MAGAZINE OF THE CAROLINAS

JANUARY | FEBRUARY 2011

CHARLOTTE LIVING



The Challenges of a Lengthy Retirement

CONTENT DEVELOPED BY **CUNA BROKERAGE SERVICES** PROVIDED BY **DAVID SPENCER**

Everyone hopes to live a long, healthy and happy retirement. While the definition of healthy and happy remains much the same, the definition of “long” has changed dramatically over the past few decades. Medical innovations, healthier lifestyles, less physically demanding work and new drug therapies have all contributed to longer life expectancies.

Living a long life definitely has its rewards. Being able to see children grow-up and getting to know your grandchildren are among the greatest joys of living longer. But a long life can also come with drawbacks.

OUTLIVING YOUR MONEY

For someone who retires at 65, then goes on to live another 30 years to age 95, having enough money to last throughout those years is a challenge. The old fashioned pensions that paid a monthly check as long as you lived are scarce now. Social Security will pay you a monthly check as long as you live, but... not a very big one.

Most everyone will need to supplement Social Security and any pensions with withdrawals from their savings and investments. This can be a tricky venture without proper planning. Retirees need a different investment strategy than workers accumulating money for the future. A spend-down investment strategy is complex and comes with risks such as inflation, market performance and interest rate fluctuations. Many financial advisors are now specializing in retiree spend-down strategies to help mitigate some of those risks.

FUNDING GOOD HEALTH CARE

Part of growing old is the potential for our health to deteriorate. This could be caused by a major illness, such as cancer or heart disease. Or, our bodies simply wear out and we begin not to feel as well as we once felt. Either way, access to quality health care can cost a lot of money.

Medicare health insurance kicks in at age 65, even

if you claim Social Security early at age 62. Although Medicare is a good insurance program, it does not cover everything. There are deductibles and co-pays.



© PIOTR RYDZKOWSKI | DREAMSTIME.COM

A supplemental insurance policy can help cover these expenses. But as with everything, you have to pay for the supplemental policy.

CARING FOR YOURSELF

Another factor in living to a ripe old age is facing the possibility that you may not be able to care for yourself anymore. The simple tasks of daily living, such as feeding yourself, bathing, grooming, and getting dressed can be a challenge to many people of advanced years. Planning for this stage of life may not be pleasant, but it still needs to be done.

Who will take care of you when you can't care for yourself? For most of our history, children and grandchildren cared for the elderly relatives in their homes. That situation is increasingly difficult today as two incomes are needed to support a home. The situation is complicated when both parents are working full-time and still have younger children at home.

LONG TERM CARE

Another option for getting the care you may need in the future is to plan to pay for long term care. This care can be provided in your own home, through an assisted living facility, or through a traditional nursing home. While long term care insurance can be expensive, long term care can quickly drain your savings.

OPPORTUNITIES AND CHALLENGES

While we all hope for a long and healthy retirement, it is important to realize that our increased longevity presents a new set of challenges. To make sure you are prepared for both the opportunities and challenges of a long retirement, work with a financial advisor who understands the full impact. *

David Spencer is a Financial Advisor with Truliances, a subsidiary of Truliant Federal Credit Union. If you have any questions, or would like to provide feedback, regarding the information presented in this article, you may contact David Spencer at 704.522.1955 or david.spencer@truliantfcu.org.

Representative is not a tax advisor or legal expert. For information regarding specific tax situations, please contact a tax professional. For legal advice, contact an attorney.

Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free 866.512.6109. Nondeposit investment and insurance products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the financial institution. CBSI is under contract with the financial institution, through the financial services program, to make securities available to members.

FR040818-7724