

Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the forty-second issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.

We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).

If you missed issues #1 thru #41:

They're available at:

<http://www.retirementworks2.com/support.asp?id=newsletter>

Next:

Financial advice at retirement:
The good, the bad,
and the ugly

Is it time to start helping your employees retire successfully?

No one's saying the recession is over, but the economy has stabilized, many companies are making profits, and employers are once again making contributions to 401(k) and other plans.

So is it OK at last to start helping employees get ready for retirement?

Depending on the organization in question, maybe so and maybe not. But it's at least time to be *thinking* about it. The rationale hasn't changed a great deal, but it bears review. There are both employee benefits and employer benefits to offering a solid Retirement Readiness program for older employees.

The advantage to the employees is both obvious and subtle. The obvious part is that people getting ready to retire mostly do not know how to do it. Retirement is complicated, involving a host of decisions and concerns both financial and non-financial. Retirement involves money, no question about it, but it also involves other changes, sometimes dramatic ones.

Retirement is about a lot more than losing one's regular source of income. It's about a whole new style of life. And here's where it can get subtle, with affects on one's self-concept, one's family and friendships, one's opportunities to do things that there never used to be time for, often on where one lives and who one spends one's time with.

All of this occurs within the context of aging, and the approaching spectre of death. One's own, and that of one's spouse/partner, siblings, close friends, and beloved elders. That is to say, in a context of ongoing and looming loss.

How many employees are naturally well equipped to deal with all this? For that matter, how many are naturally well equipped to deal with *any*

of this? Sending employees out into retirement without help is like throwing a little kid into a pool with weights attached. If the kid happens to be in the shallow end and can struggle to her feet, it's still awkward at best, but she'd be fine. But if she's in the deep end, it could get ugly.

When it comes to retirement, most employees are in the deep end of the pool. Sure, they're adults, and they'd figure out some of it before it's too late. But probably not all of it, maybe not even most of it, sometimes not any of it. And when they do figure it out, it is likely to be the hard way . . . and sometimes too late.

Retirement used to be easy, at least conceptually. In the old days, people lucky enough to retire usually did so when they were physically unable to work. In the days before Social Security, they probably had no retirement income at all, and in the early decades of Social Security they had very little. But they did have family, usually an extended family of children and grandchildren, cousins, nieces and nephews, and all manner of in-laws. There was no

question, usually, of an elder being isolated, unless they chose to be. And if they needed care, family was there to give it.

In those days, there was little need for employers to help employees get ready for retirement. But those days are long gone, and today people do need help, because retirement is hard. It's full of surprises, most of them unpleasant.

“When it comes to retirement, most employees are being thrown into the deep end of the pool.”

Why is this the employer's problem?

It's not exactly their problem, but look at it this way: an organization with 100 employees who make \$50,000 a year each pays nearly \$400,000 a year just in FICA contributions, for Social Security and Medicare for its employees' retirement.

If they also contribute 2% of salary into some kind of pension plan, the total cash contribution to their employees' retirement secu-

rity is close to half a million dollars, every year.

This is an enormous investment in the future welfare of their own people. Doesn't it make sense to add just a smidgeon more to make sure that this investment is not squandered when employees unprepared for retirement make uninformed decisions that they then cannot make up for?

Organizations that offer employee benefits recognize that all such programs have other important advantages for the employer, in terms of hiring, retention, and employee satisfaction and commitment. So does retirement readiness.

But a retirement readiness program is not so much a new benefit, but a way of maximizing the value of the Social Security and other retirement benefits that are already being paid for.

Paying for retirement benefits in order to provide a secure old age for employees, and then not helping them make the decisions that enable them to make the most of their retirement, is like buying them an incredibly expensive and

delicate retirement gift without telling them how to use it or take care of it.

But that's what most employers today are doing.

Ironically, a lot of employers now provide free or subsidized advice to senior executives. There's nothing wrong with that, but few of those executives are actually in danger of ever running out of money.

The rank and file employees, and the mid-level managers and individual contributors, by contrast, often are very much in such danger. Even if they have enough to cover their living expenses indefinitely (and a large number do not), they are still at risk if they or someone in their family runs into an unforeseen problem. And over the course of two or three decades . the current lifespan of the typical retiree these days . the likelihood of something bad happening is pretty significant.

So the regular employees are the ones most in need of advice.

Is it expensive to provide it? Not necessarily. Increasingly there are very good printed and auto-

mated tools that provide education and advice about retirement.

Can't afford to provide staff to lead discussion groups? Fine, let employees meet without a staff leader, and run their own group (there are also tools out there that facilitate that approach). Can't afford to give employees time off to do that? OK, let them do it on their own time.

You can create wonderful, expensive programs, if you like, or you can do it on a shoestring.

But isn't it time to start doing it *somehow*?

Some of our favorite books for retirees

Over the past several years we have recommended a lot of good books on retirement. We're not going to re-cap the entire list here, but we thought it might be helpful to list some of the best+among those we are familiar with and have reviewed.

All of these are available online (the links we provide go to Amazon.com), and many of them can be found at your local bookstore or library.

[The Couple's Retirement Puzzle: 10 Must-Have Conversations for Transitioning to the Second Half of Life](#), by Roberta K. Taylor and Dorian Mintzer. An excellent book for older couples, who need to bring their retirement vision into alignment, but often don't.

[What Color Is Your Parachute? for Retirement, Second Edition: Planning a Prosperous, Healthy, and Happy Future](#), by John E. Nelson. Nelson provides a comprehensive way of thinking about all aspects of retirement, while also providing excellent specific advice.

[My Next Phase: The Personality-Based Guide to Your Best Retirement](#), by Eric Sundstrom, Randy Burnham, and Michael Burnham. These authors focus on the need for people with different personality traits to approach retirement differently. Their book provides helpful do-it-yourself tests and explains what the results indicate about how to deal with retirement.

[The New Retirement: Revised and Updated: The Ultimate Guide to the Rest of Your Life](#), by Jan Cullinane and Cathy Fitzgerald, is especially strong in helping peo-

ple figure out whether to move when they retire, and if so, where.

[Ready or Not: Your Retirement Planning Guide](#), by **[Elizabeth M. McFadden and Bill Kresse](#)**. Covers an enormous amount of ground, packed with helpful information, and lots of worksheets to help with planning.

[Retirement Rx: The Retirement Docs' Proven Prescription for Living a Happy, Fulfilling Rest of Your Life](#), by Frederick T. Fraunfelder, M.D., and James H. Gilbaugh, M.D. Two physicians identify the key factors for a successful, happy retirement, and provide tests and prescriptions to help you get there.

[How to Retire Happy, Wild, and Free: Retirement Wisdom That You Won't Get from Your Financial Advisor](#), by Ernie J. Zelinski. Zelinski underplays the importance of money, but he focuses with zest and loads of detail on how to have a truly enjoyable retirement. Definitely one of the best books if that's where someone is having a problem.

[Living Agelessly: Answers to Your Most Common Questions About Aging Gracefully](#) (A DiaMedica

Guide to Optimum Wellness), by Linda J. Altoonian. A different, thoughtful, but also detailed guide to the aging process, in all its many aspects.

[Becoming a Life Change Artist: 7 Creative Skills to Reinvent Yourself at Any Stage of Life](#), by Fred Mandell and Kathleen Jordan. These authors find that the creation of art is more than an allegory for the creation of one's own life. They use lessons from the great artists in a new and intriguing way to show how we can change our lives for the better when we need to or want to.

[Project Renewment: The First Retirement Model for Career Women](#), by Bernice Bratter and Helen Dennis. Not just for women, though addressed to them, this book provides step-by-step guidelines for forming independent discussion groups around the subject of retirement, and offers brief essays on many potential topics for group discussion.

[The Joy of Retirement: Finding Happiness, Freedom, and the Life You've Always Wanted](#), by David C. Borchard and Patricia A. Donohue. These authors take a

well-rounded look at the wide variety of issues we need to address in retirement.

[Living Fully, Dying Well: Reflecting on Death to Find Your Life's Meaning](#), by Edward W. Bastian, Tina L. Staley, Netanel Miles-Yepez, and Ira Byock. Retirement is the final period of our lives. However long it lasts, death is at the end. This book helps us understand and embrace that reality.

About RetirementWORKS[®], Inc.

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Mass., which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful financial software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

We can be reached at:
69 Lancaster County Rd.
Harvard, MA 01451
(978) 456-7971 or
info@RetirementWorks2.com
www.RetirementWorks2.com