Perspectives

The Abbott Bennett Group

Spring 2015

Dear Client,

I hope this newsletter finds you well and that you and your family enjoyed a joyful Winter and are looking forward to the promise of a new Spring. The team at The Abbott Bennett Group enjoyed some well-deserved down time this Winter and we're excited to see what the coming months will bring.

This past winter was very eventful. We had a great time seeing everyone at the Movie Night event to see the Wedding Ringer. And we are very excited to have been featured in many local and national publications including Yahoo! Finance, the Star Tribune, and Boston.com.

Markets got off to a rocky start this year with worries about the global growth environment taking center stage. Despite the worries overseas, the U.S. economy continues to show strength, and we're optimistic about continued improvement.

This Spring, we're looking forward to some exciting events.

We have several educational workshops planned for the second quarter and are really excited about the Abbott Bennett VIP event to see The Blue Man Group on May 1st.

We hope you enjoy reading this issue of the Perspectives Newsletter. This quarter, we explore several non-financial issues around retirement and offer some suggestions for navigating this major life transition. We also share tips for your next vacation and discuss the pros and cons of rolling over an old 401(k). Please share this newsletter with anyone who has questions about these important topics.

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We sincerely hope that you find this Perspectives Newsletter interesting and informative. We're always looking for ways to educate our clients and give them greater insight into issues affecting investors today. Please send us any comments or feedback about our newsletter; we are always open to new ideas.

If you have any questions or concerns about what we've covered, please let us know. If you have any family or friends who would enjoy receiving their own copy, please give us their information and we will be happy to add them our growing list of subscribers.

As always, it is an honor and a privilege to serve you. On behalf of all of us at The Abbott Bennett Group, thank you and best wishes for a wonderful Spring 2015.

Warm Regards,

Chris Bennett and Mike Abbott

are you *mentally prepared* for retirement?

how to thrive before and after the transition

Retirement is about much more than money. It's also about finding a new path in life and a new identity as a retiree.

For most investors, retirement is their primary financial goal. As financial professionals, we help our clients chart a course to get them to retirement. We work together with our clients to answer financial questions like: When can I afford to retire? How much money will I need to live comfortably? Surveys show that many Americans are woefully unprepared for retirement and financial worries can make the retirement transition stressful.[1] Fortunately, working with a professional can help ensure that you enter retirement with confidence in your financial future.

But having the means to retire after a lifetime of hard work and smart financial decisions is not all it takes to enjoy the next phase of your life. Many people overlook the fact that retirement is a major life transition that can come with significant mental and emotional ramifications. In this piece, we discuss some of the critical non-financial issues that retirees must confront, and present some solutions suggested by psychologists who have studied the experiences of retirees.

retirement can leave you feeling *unmoored*

There's more to retirement than financial and logistical concerns. Many new retirees are unprepared for the psychological aspects of the transition. "People go into retirement essentially flying blind," says Dr. Robert P. Delamontagne, author of The Retiring Mind® book series. In his research, Delamontagne found that people often aren't mentally prepared for the retirement transition and don't fully grasp what retirement will mean for their identity and place in the world.

Studies show that retirement can improve psychological wellbeing by removing the strain of a demanding career.[2] However, the corresponding loss of work relationships, career identity, and daily purpose can cause retirees to feel adrift. Dr. Nancy K. Schlossberg, a former professor of counseling at the University of Maryland and author of *Revitalizing Retirement: Reshaping Your Identity, Relationships, and Purpose*, points out that a career "is such a part of your identity that people can feel very much at sea when they retire."

"People go into retirement essentially flying blind..."

- Dr. Robert P. Delamontagne

retirement redefined

Nearly one in five survey respondents between age 55 and 64 have cut back on their hours and consider themselves semi-retired.

44% of semi-retirees chose to keep working to stay active and mentally engaged.

HSBC: The Future of Retirement, 2013

This loss of a career-oriented identity is key, Schlossberg explains; "when you make a major change, your identity – who you are – is at stake." Until retirees find a new identity in retirement and develop a new sense of purpose, they may struggle with feelings of loss and depression. Research supports this view; a meta-analysis of multiple studies found that retirees who closely identify with their role at work or had high-stress jobs are likely to find the transition to retirement hard.[3]

Delamontagne found that your personality type can have a lot to do with how difficult the transition will be. Those with relaxed dispositions can more easily roll with the punches and adapt to the changes retirement brings. On the other hand, energetic hard-chargers and people who have invested themselves in their careers often face more trouble making the transition into retirement. Reflecting on your own temperament and personality can give you insight on how to better manage your transition into retirement.

who will you be in retirement?

Through interviews with over 100 retirees, Schlossberg identified six different paths that retirees often take to create their retirement lifestyle. For example, **continuers** usually adapt their existing skills and interests to retirement, often volunteering or working part-time in the same or a similar career field. Research suggests that many retirees aren't ready to hang up their spurs altogether and instead choose to embark on encore careers. A 2013 CareerBuilder survey found that 52 percent of workers 60 and over planned to work part-time once they retired.[4]

Adventurers take retirement by the horns by learning new skills and working on their bucket list. They are the retirees who become dedicated RVers or devote themselves to new passions. Many retirees start out as **searchers** who are looking for their new path. If you find yourself here, you may benefit from career counseling and support to find a new direction. Others become **retreaters** who withdraw from active life; while some retreaters just need a temporary timeout to figure out their next steps, others can become depressed and confused.

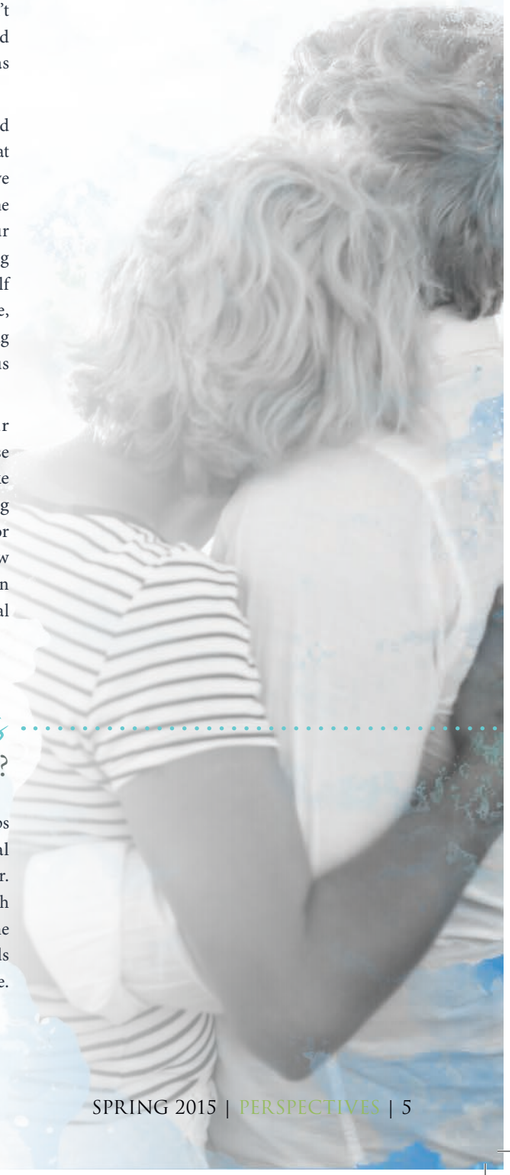
Schlossberg found that retirees "don't stay on the same pathway forever" and instead shift from one path to another as their needs and interests change.

Don't be in too much of a rush to find the perfect retirement; what engages you at one point may no longer be practical five or ten years down the line. Delamontagne recommends gradually easing into your new retirement lifestyle before making any drastic changes. If you find yourself itching to move or buy a vacation house, try it out temporarily before committing yourself, and your finances, to a serious life change.

Whatever path you take in your retirement, it's critical to find a purpose and decide what role you want to take on as a retiree. Whether it's working part-time, volunteering for a cause, or pursuing a new passion, studies show that retirees who are actively engaged in their lives report greater levels of physical and psychological wellbeing.[5]

how will your relationships change in retirement?

Many retirees find that key relationships change after retirement. Professional relationships are often the first to suffer. Though many maintain connections with their former colleagues, they will lose the everyday contact with their work friends as retirees move on to a new stage of life. People who socialized regularly with their professional connections may find it especially difficult to lose the camaraderie of the workplace. Schlossberg recommends that retirees find alternative social outlets through church activities, community groups, and hobbies. Building a substitute community and support network can help diminish the loss of professional relationships.



In *Revitalizing Retirement*, Dr. Nancy K. Schlossberg identifies three key guidelines to thriving in the retirement transition:

- Recognize that you're going through a major life transition. Give yourself time to explore what's next and adapt to your new life.
- Stay positive, reflect on what's most important to you, and focus on finding your new path.
- Prepare for surprises. Few things in life go exactly as planned and your ability to maintain positivity under uncertainty is key to success.

Your relationship with your spouse or partner will also likely change as you both adapt to a new schedule and retirement lifestyle. Many couples don't retire at the same time, causing the joint transition to retirement to potentially take longer. One study found that couples often experience conflict when one retires while the other remains working. Researchers pointed to expectations about the division of housework and transition-related stress as common sources of conflict.[6]

Delamontagne zeroes in on "marital compression" – the sudden increase in togetherness that retired couples may experience – as a key cause of discord. Most married couples are accustomed to being apart for hours every day and enforced closeness can turn minor issues and personality quirks into real problems.

Delamontagne speaks from personal experience. After retiring from a successful career as an entrepreneur and CEO, Delamontagne found that he needed to change the way he interacted with his wife. Without the daily challenge of running a business, he unconsciously became more controlling. "One day, my wife said, 'Stop telling me what to do! I'm not one of your employees,'" Delamontagne admits; "I didn't even know I was doing it."

What can you do to help your relationship adapt? "Open lines of communication," says Delamontagne, who also recommends delving into the personalities of you and your spouse to better understand your internal motivations and how you relate to each other. Couples who have very different personalities, communication styles, and needs for independence may find more potential points of conflict. In his book, *Honey, I'm Home: How to Prevent or Resolve Marriage Conflicts Caused by Retirement*, Delamontagne offers suggestions and a discussion guide for opening dialogue between spouses. Couples who struggle to communicate might also benefit from the mediation of a counselor or neutral third party.

What else can you do? "Get a part-time job," suggests Schlossberg. Whether you're consulting in your former field, pursuing a hobby, or volunteering for a local cause, independent pursuits and time out of each other's space can give your relationship some much-needed breathing room. Building that critical support network of friends and activity partners can also help you avoid leaning too much on your spouse for your social needs.

Relationships with children and other family members may also change when you retire. Family is often a source of joy and relaxation to retirees but the expectations of your relatives can also offer unwelcome pressure. While some retirees look forward to spending more time with children and grandchildren, others are equally interested in pursuing travel or a more independent lifestyle. Schlossberg found that many retirees feel pressured by their children to make themselves more available for babysitting duty and other family obligations rather than focusing on their own interests. The burden of these expectations can create a stressful family dynamic.

Whether you're delighted by the opportunity to take an active role in babysitting or not, The American Grandparents Association recommends setting boundaries early on.[7] Think carefully about how much time you want to devote to your family and communicate your expectations in advance; otherwise, you might find your own life taking a back seat to family requests.

read more about it

Honey, I'm Home: How to Prevent or Resolve Marriage Conflicts Caused by Retirement
by Robert P. Delamontagne, PhD

Revitalizing Retirement: Reshaping Your Identity, Relationships, and Purpose
by Nancy K. Schlossberg, EdD

our take on retirement

We hope that you've found this article interesting and that you've taken away some information to apply to your own life and share with those close to you. Like many important life transitions, retirement can be both exhilarating and stressful.

As financial professionals, our job is to help you prepare for retirement and to give you the financial confidence to pursue your dreams in whatever form they take. However, we also want you to see us as a resource on other aspects of retirement. Though we aren't psychologists, we have helped many clients negotiate important life transitions and can offer support as you work to pursue your retirement dreams. We've identified some resources in this article that may be helpful in your journey and would be happy to direct you to other sources of help.

Whether you're still preparing for retirement or you are already living in the next phase of life, there's no single solution that can guarantee a happy, successful retirement. However, our experience teaches us that advanced preparations can help reduce the stress of retiring and help ensure that you're financially, emotionally, and mentally ready to retire. Finally, we want you to remember that retirement can offer you the freedom to reinvent yourself and pursue new passions. "Retirement never ends, it's an ever-evolving process," says Schlossberg. Embrace it and enjoy the life you have created for yourself.

[1] Wave of Surveys Show Americans Unprepared For Retirement. http://www.thinkadvisor.com/2014/12/11/wave-of-surveys-show-americans-unprepared-for-reti. [Accessed 20 January 2015]

[2] Kim, J & Moen, P. Retirement Transitions, Gender, and Psychological Well-Being. A Life-Course, Ecological Model. http://psychsocgerontology.oxfordjournals.org/content/57/3/P212.full. [Accessed 20 January 2015]

[3] Wang, M & Hesketh, B. Achieving Well-being in Retirement: Recommendations from 20 Years' Research. SIOP. http://www.siop.org/WhitePapers/White%20Paper%20Series%2020112012Retirement.pdf. [Accessed 20 January 2015]

[4] Majority of Workers Plan to Work After Retiring, CareerBuilder Survey Finds. CareerBuilder. http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=2%2F27%2F2013&id=pr741&ed=12%2F31%2F2013. [Accessed 20 January 2015]

[5] Chamberlin, J. Retiring Minds Want To Know. http://www.apa.org/monitor/2014/01/retiring-minds.aspx. [Accessed 20 January 2015]

[6] Moen, P, Kim, J & Hofmeister, H. Couples' Work/Retirement Transitions, Gender, and Marital Quality. https://www.soc.umn.edu/~moen/PDFs/Couples%27%20Work%20Retirement%20Transitions,%20Gender%20and%20Marital%20Quality.pdf. [Accessed 20 January 2015]

[7] Grandma's Babysitting Boundaries. American Grandparents Association. http://www.grandparents.com/family-and-relationships/caring-for-children/grannynannyboundaries. [Accessed 20 January 2015]

4 Ways to Pack Light

There is nothing like lugging a heavy suitcase through a crowded airport or busy city street to convince you that packing light is a good idea. With airlines limiting carryons and increasing checked luggage fees, knowing how to pack light can save you money and hassle. Whether you are planning a quick weekend getaway or an extended family vacation, these tips can make travel more fun.

1 Choose Colors that Work Well Together

To reduce the number of individual pieces you have to bring, pick a single color theme so that you can mix and match to create multiple outfits. A single shirt can be paired with several pairs of pants and accessories over several days. A simple black dress will look great at night but be comfortable enough for daytime sightseeing. Making every item of clothing pull double duty can greatly reduce the amount of space you need.

2 Focus on Comfort and Practicality

You don't have to pack a ton of clothes to enjoy most vacation activities. Focus on bringing quality pieces that are comfortable, versatile, and easy to wash. Take advantage of laundry services to cut down on the amount of clothing you have to bring. Shoes can take up a lot of room in your luggage; try to limit the number you bring by finding a good pair of walking shoes that can also be worn to meals.

3 Save Room With Sample Sizes

Don't waste space by bringing full-size bottles of shampoo, conditioner, or lotion. Sample sizes save room in your suitcase, and they can also make getting through airport security a lot easier. Pick up a variety of sample size toiletries or buy travel bottles that you can fill at home. If you're feeling adventurous, you can also rely on the toiletries offered by the hotels you visit or buy them when you arrive.

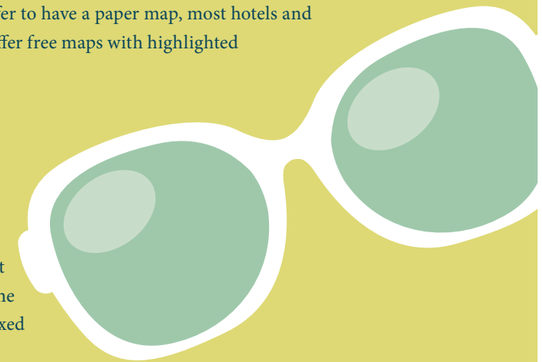
4 Let Your Smartphone Be Your Map – and Your Guidebook

If you have a smartphone in your pocket, you can leave the heavy guidebook and cumbersome maps at home. It's a good idea to plan ahead by downloading apps for your destination ahead of time. That will give you time to read up on the local attractions, find applicable discounts and make the most of your trip. Many modern guidebooks even have scannable icons to make downloading the information you need fast and easy.

If you're traveling abroad, download Google Maps data before leaving home so that you can turn off mobile data access and still use your GPS. Use free wifi at restaurants and hotels to plan your day and find information on the go. If you still prefer to have a paper map, most hotels and tourist bureaus will offer free maps with highlighted sights and activities.

Still Can't Ditch the Kitchen Sink?

Learning how to pack light won't just save you money on your next vacation, it'll also help you learn to do more with less. Think back to your last vacation; did you actually use everything you packed? If you're like most travelers, you probably had at least a few things that stayed in your suitcase for the whole trip. If you're having a hard time putting these tips into practice, try thinking about how much more relaxed you'll be without heavy luggage to wrestle.



6 Easy Vegetables for Beginners to Grow

Kitchen gardens are a wonderful way to put your backyard to work and add homegrown vegetables to the menu. If you've ever tried to grow vegetables and failed to see results, it may just be that you got unlucky or planted vegetables that were too difficult for a beginner. Luckily, some vegetables are much easier to successfully grow than others. Here are six vegetables recommended for novice gardeners.

1. **Carrots —** Capable of growing even in sandy soil, carrots are a great crop for beginners. While rockier soil may result in slightly ugly carrots, it will have no negative effects on the taste or health benefits of your harvest.

2. **Radishes —** Since radishes probably aren't one of the first vegetables that come to mind for a kitchen garden, you may never have considered planting them. Many gardeners agree, however, that radishes are one of the easiest vegetables to grow successfully. They only take about 20 days to reach maturity, and they will add a spicy kick to your summer salads.

3. **Spinach —** Spinach and other salad greens are easy vegetables that can provide multiple harvests. Spinach can be finicky about temperature, so it's best to plant it in the early spring or late summer. It's usually ready for harvest within 30-40 days of planting.

4. **Cucumbers —** You'll have to wait until you are sure that the last frost of the season is behind you before you plant cucumbers. Once it is safe, however, you will quickly see vines erupt from the ground and start yielding more vegetables than you might imagine possible. By harvesting often, you can ensure that your plants keep producing more cucumbers.

5. **Green Beans —** Whether you choose to plant bush beans or pole beans, both are equally easy to grow. Just be aware, however, that pole beans require you to set up a trellis while bush beans support themselves. Green beans grow quickly, have very few environmental requirements, and yield a steady and extended harvest.

6. **Basil —** While technically an herb, basil is one of the easiest (and most delicious) crops to maintain. You don't even need to plant one in a garden, but can keep a potted plant on your patio or kitchen window if you prefer. You can grow a basil plant from seeds, but it's often easier to buy a mature plant from a grocery or gardening store. Be sure to water the plant often, harvest leaves whenever they begin to look ready, and pick off any flowers that bloom.

Though different crops prefer different conditions, you'll have the best results by locating your garden in an area that receives at least six hours of full sun per day. If your soil is poor or doesn't drain well, consider putting in a raised bed or growing a container garden. Start small and relish your success before taking on more ambitious projects. If you're just getting started, it can be helpful to consult an expert at your local gardening supply store to learn more about plants that grow well in your climate.

SHOULD YOU ROLLOVER THAT OLD 401(k)

Do you have an old 401(k) sitting around from a previous job? If so, you have a few options to consider. You could cash out your account, but if you don't put the cash back into an Individual Retirement Account (IRA) or other qualified account within 60 days, you'll owe income taxes (and possibly penalties) on your withdrawal. If your current employer permits rollovers into its retirement plan, you may also be able to move your savings over to a new 401(k) and consolidate your investments.

A third option is to rollover the 401(k) assets into an IRA. By moving the assets directly to a new trustee, you won't be subject to any withdrawal penalties. Depending on the investments you hold within the account and your overall financial strategies, you may be able to transfer some or all of your account directly to an IRA without liquidating the assets.

Why might a rollover be a good idea?

YOU CAN GET ACCESS TO A GREATER NUMBER OF INVESTMENT OPTIONS. 401(k)s and other workplace retirement plans are often limited in the number and type of investment options they offer. IRAs can hold nearly any type of investment, giving you much more flexibility in your investment strategies.

IRAS GIVE YOU MORE CONTROL. Now that you're no longer an employee, you may not be able to make changes to your investments, robbing you of the ability to adjust your allocations to fit your current circumstances and long-term goals. You also may not be advised of important changes to 401(k) fees and investment options at the old company.

QUESTIONS YOU SHOULD ASK BEFORE ROLLING OVER A 401(K)

WHAT ARE ALL THE FEES ASSOCIATED WITH MY ACCOUNT?

DO I HAVE ANY SPECIAL INVESTMENT SITUATIONS?

DO I HAVE FULL CONTROL OVER HOW MY ASSETS ARE INVESTED?

DO I REGULARLY REVIEW MY INVESTMENTS AND MAKE NECESSARY CHANGES?

IT SIMPLIFIES YOUR FINANCIAL LIFE. One of the best arguments in favor of rolling over the assets is that investors tend to lose track of accounts that aren't right in front of them. A single IRA makes it much simpler to review and make changes to your investments.

However, rolling over an old 401(k) isn't always your best option. Depending on your personal circumstances, it can sometimes be a better idea to leave your old workplace account exactly where it is if:

YOUR 401(K) OFFERS LOWER FEES. Though you don't have the right to make additional contributions, you may still have the same investment options and fee structures of current employees. Ask a financial professional to help you review the fees of your 401(k) and compare it to an equivalent IRA.

YOU OWN COMPANY STOCK. Company stock can qualify for favorable tax treatment if certain requirements are met. If you rolled over your company stock into an IRA, you might end up paying much more in income taxes down the line. Keep in mind, however, that too much exposure to a single investment is very risky. If you're in this situation, we recommend consulting a financial professional who understands your personal circumstances and can advise you on the special tax issues around company stock.

YOU NEED TO BORROW MONEY. If you find yourself suddenly in need of cash, some 401(k) sponsors will allow you to borrow from your plan assets. Since taking money from your retirement accounts can harm your long-term financial goals, we rarely recommend doing so. However, the convenience of being able to borrow from yourself instead of a lender can sometimes outweigh the disadvantages. If you're considering taking a loan from your 401(k), talk to a professional who can help you understand all of the repayment details.

Ultimately, the decision of whether to rollover the 401(k) depends on the specifics of your financial situation. If you've separated from your employer and have old workplace accounts sitting around, it's best to come speak to us or another financial professional before making any moves. We can take a look at your overall picture and help you identify the solution that's right for your needs.

GET THE MOST FROM YOUR AIRLINE MILES

Whether you are a road warrior traveling on business or a globe-trotting retiree, everyone loves to get something free, and airline miles can allow you to travel at a sharply reduced cost. However, airlines are tacking on new fees, extending blackout dates, and changing program rules, making it increasingly difficult to redeem miles. Fortunately, there are still some time-honored tricks you can use to get the most out of the frequent flyer miles you have earned.

SEARCH FOR FLIGHTS ONE LEG AT A TIME

Airlines book free flights and frequent flyer awards at an expense – one they work hard to minimize. It is not unusual for airlines to bury low-mileage flights or hide them behind more expensive ones. The best way to get around this subterfuge is to search each leg of your journey individually. Doing it this way requires more work on your end, but the potential rewards are greater as well.

TAKE ADVANTAGE OF STOPOVERS

If you want to see multiple cities during your trip, consider using stopovers and "open jaw itineraries." An open jaw itinerary is a trip that continues from a different city, or one that returns the passenger to a different city than the one he or she originated. If you want to start your flight in Philadelphia and return to Boston, you could use an open jaw itinerary to reduce the number of miles you need. Some airlines may also allow you to use multi-day stopovers on the same ticket.

USE PARTNER AWARDS TO MAKE YOUR MILES GO FURTHER

Sometimes the best way to redeem your airline miles is with a completely different airline. Partner airlines sometimes offer better deals and require fewer miles than the original airline. It is important to research all the available partners for the airlines you earned your miles with and price your preferred itinerary with all of them. You might find that you need far fewer miles to make the trip with a partner airline. To find an airline's partners, search for "partner" on the company's website.

FIND ADVICE ONLINE

If you have questions about a specific program, you can often find updated information online. You can also find some great information and advice from fellow frequent flyers, including tips on which flights to choose and how to make those limited miles stretch as far as possible. Connect with fellow travellers on forums like Flyertalk and Milespoint.

DO THE MATH BEFORE BOOKING

Before booking your flight, check the price for the same route using a travel agent or online aggregator like Expedia or Travelocity. Sometimes, you can find a better deal by saving the miles and booking with a different airline. However, if you care less about price and more about amenities and travel status, you might be better off using your miles.

THE BOTTOM LINE

In the miles game, knowledge is power. Get to know the ins and outs of your miles program and keep up with changes that can affect how you accumulate and use miles. It's also wise to concentrate on earning miles with airlines that serve areas you're likely to visit regularly; though frequent flyer programs are generally free to join, you're more likely to achieve elite status by focusing your efforts. Most airline programs allow you to earn miles with credit card purchases, hotel bookings, and car rentals, as well as airline travel. Keep your eyes open for special promotions that can allow you to collect miles quickly.

Meet the Team

TRACY SCHNEIDER
Client Services Representative

Tracy is the newest addition to our team. She began her professional career in 1993 working as a graphic designer for NYNEX Yellow Pages (through mergers and acquisitions the company was also known as Bell Atlantic, Verizon, Idearc, Supermedia and DexMedia); she remained with the company for 20 years before leaving to pursue other interests. As The Senior Designer, Tracy worked directly with major accounts and clients all across New England. Tracy volunteers her time as the Art Director for The MVHS Football Boosters, and the Team Photographer for the Varsity Football Team. She updates game photos on the team website, and designs the programs and player yearbooks annually. In her spare time, Tracy also enjoys gardening/landscaping, canoeing, fishing and attending her son's sports events.

Upcoming Workshop Dates:

May 14th and 19th at the Copper Door

June 11th and 16th at the Copper Door

July 16th and 21st at the Copper Door

August 13th and 18th at the Copper Door

Additional workshop dates may be available.
Please go to www.theabbottbennettgroup.com or call us at (603)224-6969 to check.

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