

## The risks of outliving financial resources

*In this newsletter, and the previous one, we have identified some of the risks for outliving financial resources. Our intent is not to alarm you, but rather to help you identify the issues and concerns we can help you with. If these articles trigger questions or thoughts that you or your family and friends would like to discuss with a member of the Voyage team, please don't hesitate to call us or schedule an appointment.*

### Financial elder abuse risk



For the elderly, this includes the possibility that a family member or stranger might recommend unwise strategies or investments, or might embezzle assets. The typical victim is a woman

aged 70 to 89. However, victims represent a diverse profile, including older men. The problem also exists across all ethnic and socioeconomic groups. And, many victims are never the same emotionally after being taken advantage of by someone they trust.

Elder financial abuse goes unreported because people are embarrassed, they do not want to send a family member to jail, they fear losing their care, or that the perpetrator may harm them more.

Retirees can protect themselves from financial elder abuse in a number of ways:

- Stay organized—keep close track of all possessions, money, and assets.
- Open and send their own mail.
- Complete and sign their own checks.
- Set up direct deposit for regular checks.
- Use voicemail to screen calls.
- Make sure that wills, advanced directives, and powers of attorney are executed to ensure that trusted individuals will step in to make decisions when needed.

- Learn about where to go if abuse is expected and be willing to ask for help from the police and adult protective services. A good resource for this is the Illinois Adult Protective Agency.

### Liquidity risk

Liquidity risk is the inability to have assets available to financially support unanticipated cash flow needs. With regard to specific investments, the issue of liquidity comes up in several contexts. First, there are definitely assets that may not be able to be sold quickly at a fair market value. Real estate and business interests are two. Annuities are another. Life annuities have traditionally offered no liquidity, although that is now changing with some products offering a limited ability to liquidate. Deferred annuities offer liquidity; however, surrender charges can reduce the value.

## Liquidity Risk

Planning for having sufficient liquidity is an important part of a retirement income plan. Retirement comes with unexpected expenses and the need to be able to sell investments. Taking systematic withdrawals from a diversified portfolio offers liquidity. When talking about liquidity, most are also thinking about flexibility as well—that is, in the ability to change strategies in the face of new law changes, investment conditions or other reasons.

Some would argue though, that if you are taking withdrawals from a portfolio, you don't really have all that much liquidity because you need the assets to meet the withdrawal requirements.

### Forced retirement risk

Forced retirement includes the possibility that work will end prematurely because of poor health, disability, job loss, or to care for a spouse or family member.

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# Tips about healthcare

In this newsletter, and future ones, we'll be highlighting tips about healthcare that might benefit you. These tips will be directed primarily toward AT&T clients who are currently employed, retirees who are pre-Medicare, and retirees who are on Medicare. But some of the tips (like the first one in this issue) apply to non-AT&T clients as well.

- **Tip 1:** For those who have a Medicare Advantage Plan, and are currently enrolled in a fitness program you are paying for, you should check your plan. Many of them provide a FREE membership such as the Silver Sneakers program. Silver Sneakers gives you full membership at many locations such as LA Fitness, Zip Fitness, etc. For those of you who have been reluctant to join a fitness program because of the cost, this is a great opportunity.
- **Tip 2:** For those with serious or catastrophic illness, AT&T's CarePlus\* is an optional, supplemental benefit program.
- The program provides traditional and expanded benefits. The traditional benefits provide financial protection against the high cost of



certain specified medical treatments which are experimental or investigational and are generally not covered by most medical programs. The cost of this program is currently \$0, but you must be enrolled. If you or your dependent are or become ill, and need tests or procedures that are not covered under your current plan, be sure to call CarePlus at 877-261-3340 to find out if it is covered by them. You can also learn more at <https://careplus.att.com>.

- A more practical, but not well-known use for CarePlus is for those who are in need of hearing aids. Besides the amount that your plan pays for hearing aids, CarePlus will provide up to an additional \$1,000.
- If you intend to use CarePlus for any reason, you MUST advise them and be approved prior to using the benefits.

*\* CarePlus information contained herein was obtained from [www.careplus.att.com](http://www.careplus.att.com) as of 3/1/18 and believed to be reliable. However, no representation is being made to accuracy and completeness. The information is provided for general information only, is subject to change at any time, and should not be relied on or used as the sole basis for making your financial decisions. Voyage Financial Group and LPL Financial are not affiliated with AT&T.*

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The Employee Benefit Research Institute reports that 47 percent of the oldest baby boomers retired earlier than planned – 55 percent due to health or disabilities, and 20 percent due to downsizing or closures. Given the statistics of how many retire earlier than planned, it is prudent to come up with a plan for the unexpected.

Some job losses are inevitable, and for that employees should pay attention to severance programs and the possibility of negotiating a better payout in the event of a layoff.

As workers age, it remains critical to stay current with skills and to learn new ones to make sure that they remain a valuable part of their organization. In case looking for new work becomes necessary, it's also important to be ready by taking steps to maintain professional networks and keep a resume current.

Many health concerns that shorten a career are unavoidable—but not in all cases. If work is so

critical to retirement security, maintaining healthy eating, weight management, getting enough sleep and exercising regularly becomes an important part of retirement security.

One way to plan for an unexpected forced retirement is to plan “retirement readiness” at different stages—with the goal of building resources to provide a reduced but adequate standard of living—say 10 years from retirement, a more comfortable standard of living five years prior to retirement, and the desired standard of living at the planned retirement age. By setting graded goals, it encourages saving earlier as well as assessing what the final years of work will mean to retirement.

### Reemployment risk

Many retirees want to continue to work in retirement. But, they may not be able to do so because of tight job markets, poor health, and/or caregiving responsibilities.

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## Client Spotlight - Don & Mary Caisley

# Sharing the love of traveling with their family

The travel itinerary that Don & Mary Caisley followed in 2017 is impressive. The fact that it's not unusual for them is remarkable.

To say that the Caisleys, longtime Voyage clients who reside in the Southwest suburbs of Chicago, have made the most of their retirement from a travel perspective would be an understatement.

In 2017 alone, Don & Mary vacationed in Hawaii (Maui and Kauai), traveled the East Coast from Philadelphia to Washington D.C., traveled the Pacific Northwest from Oregon to Washington, spent time in Gulf Shores, Ala. (a favorite vacation spot of theirs) and wrapped up the year with a fall trip to Vietnam. They even managed to get their three children and six grandchildren (ranging from 2 to 13 years of age) together to celebrate Don's 70<sup>th</sup> birthday in April 2017.

The Caisleys have managed to make one or two big trips overseas each year since 2008. They also make sure to fit in family trips. Their son, Charles, who is VP of Marketing & Public Affairs for Kansas City Power & Light, lives with his family in Kansas City. One daughter, Linda Bailey, lives with her family in Maryland and is an attorney with Steptoe & Johnson LLC in Washington D.C. Another daughter, Laura Sutton, lives in Mokena with her family and works as a clinical advisor for Joint Commission Resources.

"When we were younger, we always said that when we retired we would travel," said Don, who has visited all 50 states. "We did quite a bit of domestic travel from 2000-08 while we were caring for our parents but we didn't travel overseas until after they passed away."

Their first big trip to a foreign country was to Tanzania in 2009 for an African Safari. They loved it



Don and Mary in Israel.

so much they have kept in contact with their guide.

They went to China in 2010, to Puerto Rico in 2011 (for Laura's wedding and a vacation), to Russia in 2012, to Ecuador, Peru and the Galapagos Islands in 2013, to Africa again and to Eastern Europe (Germany, Poland, Hungary, Czech Republic) in 2014, to Australia & New Zealand in 2015, on a Danube River cruise (seeing Hungary, Croatia, Bulgaria, Romania and Turkey) and to Israel in 2016. Don highly recommends a visit to Istanbul. "It's so beautiful; one of my favorite places in the world."

They are excited about their planned trips in 2018, with a trip to France in April to see Normandy, Paris and the Loire Valley and a trip in September to see Sicily and the west side of Italy.

Still on the Caisleys' to-see list are the British Isles, Scandanavia, Greece & Egypt.

## What's your retirement personality?

A recent article in U.S. News & World Report suggests your retirement personality will influence things like how much money you'll need to retire and where you'll live.

### Which personality describes you?

**The Perpetual Worker** – You will engage in some form of work for pay that will remain a part of your life.

**The Volunteer** – You desire to be productive, but are not motivated by money.

**The Doting Grandparent** – Your family is your greatest priority, and you will probably live close by.

**The Traveler** – Retirement is a time to hit the road, the skies and the sea to explore the world.

**The Fun Seeker** – You have worked hard, now it's time to have fun playing golf or tennis and joining activity clubs.

**The Self-Actualizer** – If your career has been about pay, not passion, then this is the time to reinvent yourself and seek personal fulfillment.

**The Lifelong Learner** – Your retirement will include taking classes and living where there are plenty of educational resources.

**The Decelerator** – It's time to kick back and relax with no particular activities or pursuits ... living without an alarm clock and simply letting each day unfold.

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Working in retirement has its benefits, as most see it as a way to stay active and involved. But there are financial considerations as well that include wanting to buy “extras,” needing money to make ends meet,



and paying for health insurance and other benefits.

For those needing income to meet retirement objectives, it

may be best to postpone retirement from a career job that pays better and offers health insurance and other benefits. For those looking to work in retirement, there are many available resources to find employment opportunities that are meaningful and meet income requirements. Websites like [www.aarp.com](http://www.aarp.com) can be helpful.

## Loss of spouse risk

The loss of a spouse is a major personal loss, but without planning can also result in a decline in economic security.

The Society of Actuaries reports that people do not comprehend the financial magnitude of a loss of a spouse. For example, the death of a spouse always means a reduction in Social Security benefits as the smaller benefit that is being paid ceases at the death of the first spouse.



In terms of the financial plan, there are a number of ways to protect the surviving spouse:

- It's very important, when setting up and monitoring systematic withdrawals from a retirement portfolio, that the joint lifetime horizon is considered.
- Make sure that Social Security decisions maximize the survivor benefit. As Social Security continues to pay the larger of the two benefits, a key planning strategy is to defer the larger benefit to maximize the survivor benefit.

- Another way to increase income to the survivor is to choose joint-and-survivor options when electing pension benefits.

- Income annuities can be purchased with a joint lifetime payout.

- Life insurance can provide benefits for a survivor. If permanent life insurance is purchased on both lives, the death benefit at the first death can provide income to the survivor. And if more income is needed, the cash value on the other policy can be used to meet income needs.

- Long-term care planning for the surviving spouse is critical, as the survivor will not have his or her spouse for care.

- Proper estate planning is important to make sure that wills, trusts and beneficiary designations are properly completed to protect the spouse.

## Unexpected financial responsibility risk

Many retirees have additional unanticipated expenses during the course of retirement, in many cases due to family relationships and obligations.

Figuring out how much retirees want to help their families financially is an issue that should be part of the retirement planning process—and it is critical to get the perspective of both spouses. How much to give, what to give, when to give it and who should get it are all questions that need to be answered.

This needs to be done in the context of balancing family needs with financial security in retirement. Once these decisions have been made, retirees should consider having conversations with family members to address expectations.



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