Five Things to Know *After* You Retire

OUR ESSENTIAL GUIDE TO MAKING SMARTER CHOICES DURING RETIREMENT

Rodgers & Associates
WEALTH ADVISERS

A ASSESS YOUR GOALS | G GET READY | I IMPLEMENT THE PLAN | L LIVE THE DREAM | E EMBRACE FAMILY & LEGACY ®

INTRODUCTION

You have finally retired—but the journey is not over.

Hopefully, your hard work and diligent saving have paid off, and you have both the time and the money to focus on what matters most to you. This does not mean you should relax without a care in the world; there is still plenty of planning left to do. Our experience has shown that the retirement journey is made up of multiple phases that often overlap—and rarely follow a set schedule. After you have retired, you need to keep your plans flexible to allow for adjustments. An effective retirement plan is an A·G·I·L·E one.

A·G·I·L·E Retirement Approach

A — ASSESS YOUR GOALS

10 years before retirement

Develop a comprehensive plan to help ensure you will reach financial independence tax efficiently.

G — GET READY

2–9 years before retirement

Reach a solid financial position through a disciplined approach to managing changes in the years leading up to retirement.

I — IMPLEMENT THE PLAN

1 year before retirement – 1 year into retirement

Transition to financial independence and fine-tune your plan to prepare for post-retirement taxes and healthcare.

L — LIVE THE DREAM

In retirement

Stay focused on decisions related to taxes, Social Security, and investments to help ensure your savings last.

E — EMBRACE FAMILY & LEGACY

Beyond retirement

Take an active role in teaching the next generation how to handle wealth and the responsibility that comes with it.

®

INTRODUCTION

From a purely financial standpoint, a retirement planner's job is to maximize the probability that clients will not run out of money during retirement. We want our clients to enjoy a long and reasonably worry-free retirement, preferably with money left over for their heirs. However, the retirement journey is not purely financial.

An effective retirement plan should be successful financially and lead to happiness and contentment throughout the journey. The idea that retirement is like a permanent vacation may sound appealing on the surface, but you will want to find ways to stay engaged with family, friends, and your community.

Making smarter retirement decisions can mean more retirement security. This guide can be an essential step towards making smarter choices during retirement. While everyone's journey is unique, this book focuses on five crucial areas that apply to most retirees.

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RETIREMENT GUIDELINE 1

Before Taking Social Security Benefits

The decision of when to draw Social Security benefits is critical.

For workers born in 1957, full retirement age (FRA) is 66 years and six months. FRA is the age at which you can collect 100% of your benefit. A worker who starts collecting at 62 will collect only 73.8% of the monthly benefit. Benefits will continue to grow 8% annually after FRA for workers who delay benefits until age 70.

It is a difficult decision in general because there are many factors to consider. The first factor to consider is your marital status.

MARITAL STATUS

Are you married, divorced, single, or widowed? Many people approach this decision as if they were single. The decision should be viewed jointly whenever possible to maximize benefits, even if your spouse is no longer living or you are no longer married.

If taken at full retirement age (FRA), the full spousal benefit could be up to 50% of the partner's FRA amount. The spousal benefit is usually favorable for nonworking spouses or spouses who had lower incomes for many years. An individual may file for spousal benefits as early as age 62, but will receive a permanently reduced benefit amount for life if they file early. To receive spousal benefits, the spouse must be receiving their retirement benefits (except for divorced spouses). One could begin drawing their benefit at age 62 and then switch to the spousal benefit once their spouse begins drawing benefits. However, their spousal benefit would be less than 50% of the worker's amount because they started drawing early. An individual could also claim survivor's benefits on a deceased spouse's earnings record. Reduced benefits can be taken as early as age 60 for widows or widowers.

When married couples are planning to draw benefits, it is essential to think about joint life expectancy. Because the highest earner determines the spousal benefit, the goal should be to maximize the highest earner's benefit.

Widows and Widowers: Upon the first spouse's death, the survivor receives the higher of the two benefit amounts. It is generally advisable to have the person with the higher benefit amount wait until at least FRA to start their benefit. This maximizes cumulative lifetime benefits for a couple in cases when one spouse may expect to outlive the other—similar to choosing the survivorship option when drawing a pension.

If a deceased worker started receiving reduced retirement benefits before FRA, a special rule called the retirement insurance benefit limit might apply. The retirement insurance benefit limit is the higher of:

> The reduced monthly retirement benefit to which the deceased spouse would have been entitled if they had lived, or

or

> 82.5% of the unreduced deceased spouse's monthly benefit if they had started receiving benefits at their FRA.

Married Couples: The lower earner should generally wait until their FRA to draw benefits. They could begin drawing their benefit until their spouse starts drawing benefits, switching to spousal benefits if the amount is higher. A retiree claiming benefits based on their record can put off receiving benefits after FRA in exchange for "delayed retirement credits." Benefits continue to increase each month up until age 70. However, spousal benefits do not increase after FRA. There is no financial benefit for a lower-earning spouse if they wait past FRA to claim Social Security.

Keep in mind that claiming Social Security benefits before FRA results in a permanent reduction in the benefit amount, whether you are claiming spousal benefits or your own. Claiming benefits at the earliest possible age of 62 can reduce benefit amounts by as much as 30%.

Divorced: A retiree may be entitled to half of their former spouse's benefits or their own—whichever is higher. Requirements for spousal benefits to apply include:

1. The marriage must have lasted at least 10 years.
2. The retiree must not currently be married.
3. The retiree is at least age 62 (age 60 if the ex-spouse is deceased).

It's not necessary to have the consent of the ex-spouse. They won't even know. The claim has no impact on the ex-spouse's benefits.

A strategy for drawing benefits should be considered carefully if you have earned benefits through your work history and spousal eligibility. Such a person would be deemed "dually entitled," but this doesn't mean they get both benefits added together. It simply means more than one benefit is available, and the applicant may choose to receive the higher benefit amount. However, benefits could qualify to be switched later.

FULLY RETIRED VS. WORKING PART-TIME

In addition to a reduced benefit when drawing early, an earnings test penalizes benefits for someone who is still working. The earnings test applies to earned income (wages or self-employment income), not investment income or retirement income. Social Security benefits will be reduced if total earnings exceed the annual limit:

Earnings Limits

Under federal law, people who are receiving Social Security benefits, and who have not reached full retirement age, are entitled to receive all of their benefits as long as their earnings are under the limits indicated below. For people born in 1943 through 1954, the full retirement age is 66. The full retirement age increases gradually each year until it reaches age 67 for people born in 1960 or later.

	2023	2024
At Full Retirement Age or Older	No limit on earnings	No limit on earnings
Under Full Retirement Age	$21,240 For every $2 over the limit, $1 is withheld from benefits.	$22,320 For every $2 over the limit, $1 is withheld from benefits.
In the Year You Reach Full Retirement Age	$56,520 For every $3 over the limit, $1 is withheld from benefits until the month you reach full retirement age.	$59,520 For every $3 over the limit, $1 is withheld from benefits until the month you reach full retirement age.

Source: SSA.gov

INCOME TAXES

Regardless of the age you begin collecting Social Security, your benefits may be subject to income tax. Not all Social Security benefits are subject to income taxes—the percentage of benefits subject to tax is based on your adjusted gross income (AGI) plus tax-exempt income according to the following schedule:

50% of benefits will be taxed if your income plus half of your benefits exceeds these adjusted base amounts:

$25,000 if single, head of household or qualifying widow(er)

$32,000 if married, filing jointly

85% of benefits will be taxed if your income plus half your benefits exceed these adjusted base amounts:

$34,000 if single, head of household, or qualifying widow(er)

$44,000 if married, filing jointly

Despite inflation, the income levels for taxing Social Security benefits haven't changed for decades. Less than 10% of retirees paid federal income tax on their benefits the first year Social Security became taxable. Today, about 40% pay tax on some portion of their benefits, and that is expected to climb to over 50% in three decades.

Knowing how Social Security benefits are taxed can help when devising strategies to minimize the taxation of those benefits. Here are a couple of techniques we use to reduce the tax on benefits:

Change Investment Income: Investments like certificates of deposits (CDs), government and/or corporate bonds, preferred stocks, and income mutual funds are typically used to produce retirement income. All the income produced by these investment vehicles will be included in the calculation to determine if Social Security benefits are taxable. Income from municipal bonds and tax-free mutual funds is used to determine your benefit's taxable amount, even though the interest from these investments may not be taxable.

Instead of investing only in income investments, another option could be to invest a portion in an income annuity that makes monthly payments of principal and interest. Only the interest portion will count towards the taxation of benefits. The balance could be invested in a growth vehicle like a tax-managed growth mutual fund that produces little taxable income. The growth fund could potentially replace the principal paid down as the income annuity is depleted to zero. The exciting result of this strategy could be that some taxpayers may be able to keep all of their Social Security benefits.

A similar result can be achieved by investing in growth-oriented mutual funds and taking systematic withdrawals. Part of each withdrawal will be considered a return of principal, and the rest will be taxed as earnings. This strategy would be riskier than

using an immediate income annuity because mutual funds are not guaranteed. The tax on the investment earnings could be lower because once a fund is held for one year, the distributions would be considered long-term capital gains, which currently have a lower tax rate than annuity income.

IRA Distributions: After you reach age 73, you must begin taking minimum distributions from your IRA account. Those distributions are considered income for purposes of determining the taxability of your benefits. If your income falls near the base amounts, these minimum distributions could prove costly by triggering the taxation of your Social Security benefits. A practical withdrawal strategy might include delaying Social Security benefits to make Roth conversions before age 73. Having the IRA converted to a Roth before drawing benefits could minimize taxation of Social Security while also maximizing delayed retirement credits.

Key Takeaways

- There is no single rule to determine when to start taking Social Security benefits. To receive your maximum benefit, you need to take marital status, employment status, and other sources of income into account.
- 40% of Americans pay taxes on their Social Security benefits—and that number is projected to rise above 50% in the near future.
- Investing in tax-efficient vehicles, like tax-managed growth mutual funds, could help retirees keep more of their Social Security benefits.

RETIREMENT GUIDELINE 2

Protect Retirement Income from Taxes

The goal should be to build a retirement income stream that provides an increasing income that will keep pace with inflation.

During the first two phases of A·G·I·L·E, there are three fundamental principles to investing:

- Equities are needed to provide growth
- Establish an asset allocation strategy to take advantage of market volatility
- Set a sustainable withdrawal rate

The second part of the strategy implemented during the last two phases of A·G·I·L·E is to optimize portfolio income by minimizing taxes. Minimizing taxes has been shown to help extend the life of the portfolio. Achieving tax efficiency can come from three areas:

- Using all three legs of the New Three-Legged Stool™ strategy
- Properly diversifying asset location over the three legs
- Making tax-smart distributions based on tax circumstances and market conditions

One challenge to building proper tax diversification into a retirement income strategy is that many individuals hold a large percentage of their overall savings in tax-deferred retirement accounts. Traditional IRAs, 401(k) plans, and pensions are great when a taxpayer is working, but withdrawals are fully taxable at ordinary income rates when distributed. According to a study from the Employee Benefit Research Institute, among families with assets in tax-deferred accounts, these resources accounted for a median of 62.5% of total financial assets.[1] Roth IRA accounts, which are funded with after-tax dollars and can produce tax-free distributions in retirement, comprised just 5% of all retirement accounts.

DIVERSIFY YOUR INCOME

Tax Treatment of Various Types of Retirement Income

Type of Income/Account	Tax Treatment
Tax-Deferred accounts — 401(k), 403(b), 457 plans, Thrift Savings, Traditional IRA, Annuities	Taxable at ordinary income rates upon distribution: 10% to 37% in 2024.
Pensions	Taxed at ordinary income rates.
Roth IRAs and Roth 401(k)s	Distributions are non-taxable if owner is age 59½ and the account is at least five years old.
After-tax investments accounts	Long-term capital gains and qualified dividends: taxed at a maximum of 20% in 2024. Other income: taxed at ordinary income rates.
Social Security	May be partially taxable at ordinary income rates.

Source: Don't Retire Broke: An Indispensable Guide to Tax-Efficient Retirement Planning and Financial Freedom.[2]

Unfortunately, retirement savings have been building up in tax-deferred accounts at a time when personal income tax rates have declined to historically low levels. Historically, tax brackets have been at current levels only 14% of the time.[3] Congress is currently looking for ways to reduce budget deficits that have been in the trillions of dollars. The $39.3 trillion of pre-tax assets now sitting in retirement accounts might look appealing to a cash-starved Congress.[4] Retirees who have most of their assets in traditional accounts anticipating lower tax rates in retirement could be in for an unpleasant surprise.

A historical analysis of different tax scenarios showed the survivability over various time periods of a diversified portfolio of equities, fixed income, and cash when the portfolio is taxed using different withdrawal strategies. Not surprisingly, the most tax-efficient withdrawal strategy produced the longest survivability.

Age Social Security Begins	62	64	66	68	70
Tax-Efficient Withdrawal Strategy (Years)	30	31+	33+	36+	40+
Less Tax-Efficient Withdrawal Strategy	27+	28+	31+	34+	37+
Tax-Inefficient Withdrawal Strategy	24	24+	25+	27+	29+
Tax-Efficient Withdrawal Strategy (60S/40B)	34+	36+	39+	44+	48+

Source: How Social Security and a Tax-Efficient Withdrawal Strategy Extend the Longevity of the Financial Portfolio[5].

Even a novice investor has probably heard of the importance of diversification as a tool to lower risk. Diversifying among investment classes and diversifying within the investment classes themselves reduces volatility. The main concept is to avoid concentrating assets in one position that could cause serious harm if the investment does not work out.

Diversification is just as necessary based on taxability as it is when investing. Simply put, tax diversification involves allocating investment assets across accounts and investment vehicles that are taxed differently; taxable, tax-deferred, and tax free. We call these three vehicles the New Three-Legged Stool™ of tax-efficient retirement planning. The New Three-Legged Stool™ retirement strategy offers several benefits:

Provides flexibility – the ability to draw income from the three different account sources depending on the tax situation from year to year.

Sustainability – Research shows that a lower tax rate may help a portfolio last longer.

Hedge against higher tax rates – We do not know what will happen with the tax code in the future or who will be affected. Diversifying savings can help minimize the impact of tax changes.

What are municipal bonds?

Municipal bonds work much in the same way federal government bonds do. Essentially, you loan money to the government to finance new projects, and the government pays you interest. The difference is that states, counties, and cities issue municipal bonds—and the federal government does not tax most returns from municipal bonds.

Start by allocating assets by tax treatment. The return from equity investments is generated in the form of dividends and capital gains. Qualified dividends and long-term capital gains are currently taxed at 0% in the lowest two tax brackets, with a maximum rate of 20% in the highest brackets. However, all distributions from retirement accounts are taxed as ordinary income (maximum tax rate of 37%). Therefore, a larger percentage of equity holdings could be held outside retirement accounts to take advantage of the lower tax rate. Fixed-income investments should be held in retirement accounts whenever possible.

Use tax-free bonds when holding fixed income in taxable accounts. It is not always practical to hold all fixed income in tax-deferred accounts and all equities in non-retirement accounts. When fixed income must be kept in non-retirement accounts, consider using municipal bonds, which are free from federal, and in some cases, state and local income taxes. These bonds are particularly advantageous for investors in the highest tax brackets. Tax-free bonds may even be attractive to those in lower tax brackets today because yields can be equal to and in some cases above the long-term average versus comparable taxable fixed income securities. When equities must be held in tax-deferred accounts, use those with higher dividend payments, such as real estate investment trusts.

TAX EFFICIENCY IS KEY

Find ways to fund a Roth regularly. Consider funding a Roth IRA or Roth 401(k) account based on tax projections each year. Only put enough money in a traditional tax-deferred account to stay in the 12% tax bracket. This will require estimating taxable income to determine when the optimum tax deferral has been reached and saving additional funds in a Roth. Use this chart to help with current tax brackets and taxable income:

2024 Tax Brackets

	Single Filers	Married Individuals Filing Joint Returns
Std Deduction Under 65	$14,600	$29,200
Std Deduction Over 65	$16,450	$30,750 ($32,300 if both over 65)
Tax Rate	**Taxable Income**	
10%	$0 to $16,550	$0 to $23,200
12%	$11,600 to $47,150	$23,200 to $94,300
22%	$47,150 to $100,525	$94,300 to $201,050
24%	$100,525 to $191,950	$201,050 to $383,900
32%	$191,950 to $243,725	$383,900 to $487,450
35%	$243,725 to $609,350	$487,450 to $731,200
37%	$609,350 or more	$731,200 or more

Source: IRS.gov

Consider converting part of a traditional IRA to a Roth IRA in a year when taxable income will be in the 12% tax bracket. For example, a couple filing jointly that estimates their taxable income will be less than $70,000 could consider converting $19,000 of their IRA to a Roth IRA.

The financial press will often advise retirees to take money from their accounts in the following order:

Taxable › **Tax-deferred** › **Tax-free**

The aim of this approach is to preserve tax-deferred assets for as long as possible, thus delaying payment of the tax. This thinking is not without merit. However, depending on an individual's tax situation, this may not be the best course of action. Consider the following chart:

Tax Efficient Withdrawals

Retirement Circumstance	Consider the Following
10% to 12% tax bracket	Draw from tax-deferred accounts to maximum taxable income for 12% bracket. This should help reduce required minimum distributions at age 72.
22% or higher tax bracket	Use a combination of tax-free Roth distributions, withdrawals from taxable accounts, and withdrawals from tax-deferred accounts to minimize taxable income.
Significant capital gains in taxable account	Avoid withdraws from tax-deferred accounts in year gain is realized. Those with charitable goals should gift appreciated assets instead of giving cash.
Wages or self-employment income	Could trigger penalties on Social Security benefits if under full retirement age. Consider suspending benefits if income is significant.

Anyone with significant unrealized capital gains in taxable accounts may want to withdraw funds from tax-deferred accounts first. Appreciated assets will get a "stepped-up" cost basis when passed on to heirs, but tax-deferred accounts are fully taxable to heirs when the assets are withdrawn.

It is vital to estimate taxable income each year proactively. Distributions from tax-deferred accounts should be adjusted to maximize the 12% tax bracket. Consider taking distributions from tax-deferred accounts when income is low, especially in the years before reaching age 73. Distributions could be in the form of Roth conversions if income is not needed for living expenses. This way, the taxable income is realized in a low tax year and could be withdrawn tax-free from the Roth later when income is needed, but tax policy may not be as favorable.

Maintaining a lifestyle through 30 or more years of retirement is a challenging goal. Start with a sound investment strategy and be sure to include tax efficiency when implementing the plan. A tax-efficient portfolio requires smaller distributions to maintain spendable income. This could be the difference between having plenty to pass on to heirs or running out of money.

Key Takeaways

- Tax diversification—which means investing in a balanced mix of taxable, tax-deferred, and tax-free assets—may provide sustainable retirement income by keeping you in a lower tax bracket.
- Few Americans take full advantage of Roth IRA accounts, which can provide tax-free income during retirement.
- While conventional thinking says to withdraw from taxable accounts first, there are exceptions to this rule.

RETIREMENT GUIDELINE 3

Stay Healthy

We all think life will be better and more manageable after retirement.

To a degree, that assumption may be correct. Creating financial independence means no longer being obligated to a job or employer. This gives tremendous freedom. However, with that freedom comes greater personal responsibility. Most people will want to make the most of it, and that entails enjoying it as long as possible. The good news is that men currently age 65 are expected to live more than 18.1 additional years. Women of the same age are expected to live another 20.6 years.[6]

The goal in retirement should be to live as long and as well as possible. This will require developing disciplined habits, as good health is one of the essential ingredients to overall happiness. Want to defy the averages and live well past 90? The first place to start is to get to an ideal weight and stay there.

CONTROLLING WEIGHT

Maintaining a healthy weight lowers the risk of heart disease, stroke, diabetes, and high blood pressure. It can also lower the risk of many cancers. Controlling weight reduces the impact on joints, which can minimize arthritis. A healthy weight also helps keep the immune system strong. The ideal body weight is a range in proportion to height and gender. Talk to your doctor about what is a healthy, achievable, and sustainable weight for you. Then set a sensible timeframe to achieve it and maintain the discipline needed to control the causes of weight gain.

Watch What You Eat – The quantity and quality of food in the diet significantly impacts a person's weight. It is common for appetite to decrease as a person ages. However, eating less should mean making better-informed decisions about food choices.[7]

- Fresh fruits and vegetables are excellent sources of fiber and vitamins that cannot be obtained from supplements.
- Vary protein choices with more fish and/or beans.
- Eat at least three ounces of whole-grain cereals, breads, crackers, rice, or pasta every day.
- Have three servings of low-fat or fat-free dairy (milk, yogurt, or cheese) fortified with vitamin D to help keep bones healthy.
- Make the fats consumed polyunsaturated and monounsaturated fats.

An excellent place to start may be to prepare more meals at home using healthy ingredients. The internet makes it easier than ever to browse for nutritious recipes that can be prepared easily.

Keep track of the amounts and types of food consumed every day. Peter Drucker is often quoted as saying that “you can’t manage what you can’t measure.” Maintaining a daily diary of foods and calories eaten is a great way to measure intake to control weight.

EXERCISE REGULARLY

Many people assume that it will be easier to find time for exercise during retirement, but it’s unlikely to happen unless exercise is made a priority. Sitting around the house is not just bad for mental health; it’s terrible for physical health, too. Fitness can be as simple as enjoying a walk at the mall or a bike ride on the local rail-trail. Some gyms have discounts for retirees and fitness instructors who are trained to work with older adults.

Physical activity is a crucial element of weight control and overall health. Studies have also shown that there can be cognitive improvements from regular exercise. An exercise program can help to slow down the aging process and create a more vibrant and healthy life. Many exercise programs include:

Aerobic exercise, is the most critical exercise for long life. Aerobic exercise is any activity that gets the heart rate up for an extended period. Examples include walking, water aerobics, and cycling.

Strength building, which can help maintain lean muscle. Physically inactive people can lose 3% of their muscle mass each year once they reach middle age. Incorporating appropriate weight-training exercises regularly can help prevent this. Strength conditioning is also believed to help prevent osteoporosis.

It is essential to spend time stretching muscles after exercising to reduce the risk of tightness and muscle soreness. Seniors benefit from improved flexibility, which helps make movement easier and reduces the risk of injury while completing daily tasks.

Exercise promotes blood and oxygen flow to the brain, which can significantly improve memory, learning ability, and mental acuity. Regular exercise could prevent, delay, or even reverse mental illnesses, especially symptoms of anxiety or depression.

Exercise to keep your brain young.

Research from Harvard has shown that regular exercise can preserve and improve brain function in three powerful ways: improving blood flow in the brain, encouraging the growth of new nerve cells, and creating new connections between neurons.

GET ENOUGH SLEEP

Seniors often experience shifts in sleeping patterns, such as becoming tired earlier, waking up earlier, or experiencing less deep sleep—and these normal changes are nothing to worry about. On the other hand, disturbed sleep, chronic fatigue, and other symptoms of insomnia aren't normal, and if you experience any of these symptoms, you should consult your doctor. A good night's sleep can help improve concentration and memory formation, allow the body to repair cell damage, and refresh the immune system. Not getting enough exercise can cause restlessness and/or tiredness. Regular aerobic exercise during the day can help promote good sleep.

A few other tips for better sleep are:

- Go to bed and wake up at the same time every day, even on weekends.
- Take a bath, play music, or practice relaxation techniques like meditation or deep breathing to wind down before bed.
- Adjust bedtime to match when the body feels like going to bed, even if that's earlier than it used to be.
- Physical intimacy can lead to more restful sleep.[8]

REGULAR MEDICAL CHECKUPS

As you age, regular medical testing becomes even more important. Be proactive about your health and monitor changes in your body during retirement. Most of us know we should have annual checkups, and Medicare covers many of the tests that should be done annually. There are several examinations that every senior should undergo each year.[9]

- Blood Pressure: Blood pressure should be checked during every visit to the doctor. Checking it during an annual checkup will set a baseline.

- Height: Significant loss of height can indicate accelerated osteoporosis. Height is lost because of compression in the spinal cord.

- Weight: Significant, unintended changes to your weight can signify serious health problems. Weight gain can mean fluid retention or perhaps heart, liver, or kidney disease. Weight loss could indicate infection or cancer.

- Blood Work: Yearly blood work should include a blood count to rule out any bleeding problems, glucose levels to detect diabetes, thyroid function tests to rule out any thyroid disorder, and blood electrolyte counts, which can detect kidney problems and early heart problems. The doctor may also check some additional labs depending on the personal and family history of a patient.

- EKG: It is recommended that a baseline EKG be done for men and women around age 50. It should then be done at least every two or three years, or more often if necessary.

- Fecal Occult Blood Test: This test should also be done yearly. Blood in the stool can be an early indication of colorectal cancer.

- Flexible Sigmoidoscopy/Colonoscopy: Screening for colon cancer should be done every five years with flexible sigmoidoscopy and every 10 years by colonoscopy. There is some question about whether screenings should continue after age 75 to 80.

Yearly screenings, even when you feel healthy, are crucial to assessing your risk for future problems. These screenings can encourage a healthier lifestyle and help to build a relationship with your doctors. Visits also provide the opportunity to update any vaccinations and screen for any health issues that may have developed.

Retirement can be the best time of your life, but you need to have a plan in place to live a healthy lifestyle. Without a plan, many retirees find themselves sitting in front of the television. Studies have found that the average retiree spends approximately 43.5 hours per week watching television.[10] Do not replace the hours spent at work sitting in front of the TV.

Make it a goal to enjoy the highest levels of health and energy possible. To enjoy excellent health, eat the right foods and control your portions. Start a regular exercise routine, get lots of rest and relaxation, and stick with your commitment to health. Above all, get to the proper weight for your age and height. Those who follow these guidelines might find they feel happier and healthier than ever before.

Key Takeaways

- As we age, it's even more important to maintain a healthy weight. Sticking to a diet rich in protein, fruit, vegetables, and whole grains may reduce your risk of many diseases.

- Make regular exercise and good quality sleep priorities: both may improve quality of life throughout retirement.

- Don't wait until you have symptoms to see your doctor. Regular health screenings and tests could catch diseases like diabetes and cancer in their early stages.

RETIREMENT GUIDELINE 4

Find YOUR Purpose

Where did the idea of retirement come from?

The history of retirement stretches all the way back to ancient Rome, when Emperor Augustus offered pension plans to Roman Legionnaires who had served for 20 years. During the American Revolution, pensions were offered to those who suffered battle injuries—and this practice continued through the Civil War. Eventually, eligibility requirements were liberalized to include soldiers who weren't injured, and later to provide for soldiers' family members.

Pensions were becoming common by the time the Roosevelt administration introduced the concept of Social Security in the United States. Some would consider the passage of the Social Security Act in 1935 to mark the birth of modern retirement.

The concept of moving older, possibly less productive workers out of jobs through pensions caught on in the 1930s. Twenty percent of the labor force was covered by the end of the decade. However, the modern concept of retiring in leisure did not evolve until the second half of the twentieth century. A significant factor was that leisure became more affordable and attractive. Meanwhile, advances in health have allowed people to enjoy leisure and travel well into old age.

WORKING IN RETIREMENT

Many people idealize retirement. Doing what you want, when you want is considered the reward for a lifetime of hard work. It evokes the idea of enjoying life to the fullest without obligation, commitment, or worry. However, working can be a key ingredient to a healthy and happy life. Working longer may contribute to better mental health as well as physical health. Human beings are social by nature: we thrive on the human interaction many jobs provide. Thinking, problem-solving, and socializing boosts our mental state and keeps the mind fresh.

Retirement can still be a time of self-financed independence, but many of us still want to feel like we're contributing to society. Researchers have learned that many people continue to work into their 70s because they have no idea what to do with their free time. There's nothing wrong with doing work you love at any age. In fact, that should be the goal—to spend more time following your passions. On his 90th birthday, Clint Eastwood told reporters that he is not retiring from acting. He plans to be making movies when he reaches age 100. Obviously, Clint does not need the income: he wants to continue doing what he loves.

MEANINGFUL RETIREMENT

During retirement, look for opportunities to use your skills in ways that are enjoyable and provide a sense of worth. Full-time leisure in retirement is neither satisfying nor fulfilling. In the book *Man's Search for Meaning,* Viktor Frankl posits that meaning is focused outwards, on others. It's about taking care of others and contributing to the community or society as a whole. When we see our purpose as larger than ourselves, we no longer need to pursue happiness. It comes naturally, even in the face of temporary setbacks and discomforts.

Our golden years could include some work and service to others. Most people want to know that their time and effort mean something and that the impact on others will be remembered. One of the greatest sources of meaning for people comes from being active in their community. They want to believe their actions and lives are recognized by others. Countless causes need an extra hand and might not have the funding to hire the help that they need. Here are some ideas to consider:

Have faith – Volunteering is a great way to get plugged into your church, feel like part of a community, and serve God at the same time. Using your God-given skills as a volunteer is a fantastic way to serve the church and lighten the load of your church's staff.

Become a mentor – You might find working in your field as a mentor to be very satisfying. Younger workers looking to get ahead may welcome the opportunity to learn from a seasoned expert. Plus, helping them could help you find your purpose.

Consult – Being a consultant to a company in your field could be a great way to feel useful and needed. Anyone with skills and knowledge to sell to individuals or companies can become consultants—a role that comes with plenty of flexibility for free time.

Work part-time – Eliminate those things about work that were not enjoyable. Then find a part-time job with only the enjoyable parts. Start by checking back with the company you retired from. Some companies hire back retirees part-time or as needed. They get the expertise of longtime workers without the expense of training new employees.

Tour Guide – Anyone who likes to travel and has an outgoing personality might be an excellent tour guide candidate. You can choose your schedule and safely travel the world while getting paid to do so.

Work and Travel – Work at a campground, dude ranch, ski lodge, or a retreat. Most of these jobs are seasonal housekeeping and located in spectacular settings with room and board included.

Make a Hobby payoff – Restoring automobiles, refinishing furniture, cooking, and crafting are just a few examples of hobbies that could become part-time jobs.

BUILD DEEP FRIENDSHIPS

Human beings are social creatures, and we need to interact with people regularly. Many people develop strong social ties to their colleagues at work. Retirement could mean losing or reducing contact with a large part of your social network. Developing friendships with people outside of work who share your interests can help.

Retire into independence, not isolation.

Our mental wellbeing, brain health, and overall happiness depend on social interaction—even for the most introverted among us. While this doesn't mean we all have to be social butterflies, it does mean we should be intentional about spending regular time with at least a few close friends or family members.

The local community senior center could be a place to start. Many senior centers offer recreational and social opportunities. They often hold luncheons and dances and organize day trips to places like historical sites and shopping destinations. Most senior centers also have clubs and groups for different activities and interests. This is a time to be doing the things we love with the people we enjoy being around.

If there is room in your life and your heart for new friends, consider activities that will put you in close contact with others. Classes, community events, and religious services are all great opportunities to meet others.

There are many things that can be done to find purpose and meaning in retirement. By maintaining a positive attitude and zest for life, exploring your dreams, increasing your knowledge, serving a worthy cause, planning events, improving your social circle, and refocusing your life, you can do it!

Key Takeaways

- While many people think retirement is an opportunity never to work again, choosing to work during retirement gives many retirees a sense of purpose and connection.
- If you choose to work (or volunteer) during retirement, look for opportunities that align with your interests, talents, and values.
- Maintaining an active social life is essential, especially when retirement means no longer interacting with longtime coworkers. Taking classes, going on trips, or getting involved with a senior center are great ways to build new acquaintances and friendships.

RETIREMENT GUIDELINE 5

Embrace Family & Legacy

Forbes recently reported that we are at the brink of the most significant intergenerational wealth transfer in history.[11]

Over the next 30 to 40 years, $30 trillion in assets will pass from one generation to the next in the United States. The Center for Rural Pennsylvania estimates that in Lancaster County alone, $1.1 billion transfers from one generation to the next each year—and will continue at that rate for the next 25 years.[12]

The sad reality is that 70% of this wealth will probably never make it past the second generation. This prediction is based on research reviewing hundreds of family wealth transfers going back more than a century.[13] If the trend continues, more than $800 million could be lost, squandered, mismanaged, or wasted each year by Lancaster County's younger generations.

Our interest in this topic started more than a decade ago. We observed our clients expressing concerns about passing on the wealth they had saved to their children and grandchildren. They did not want their children to be spoiled by their inheritance. What could be done to ensure inherited wealth would help their children?

START TRAINING YOUR CHILDREN NOW

Is a life well lived measured in cash and assets? Or is it measured by our relationships and their condition when we leave?

Long before television and smartphones—in fact, before concepts like "money" even existed—people knew that their parents and grandparents had valuable lessons to teach. They were the ones who had experienced life's ups and downs; they had gained perspective and had the qualification to share their wisdom. Today, as people are living longer, it's not unusual to have four or five generations alive at one time. We have a terrific opportunity for each generation to guide and inform the generations coming after them.

After parents die, their wisdom and experience die with them—unless effort is taken to pass it on. Parents need to teach the next generation about how they acquired their wealth and the responsibilities of inheriting that wealth. It seems that today, many people don't take the time to impart what they've learned to their children. While wisdom can be shared with the next generation, it can't be transferred in a will.

Parents wield a profound influence on the choices their children make. Our children often live what they learn from us, whether we want to acknowledge it or not. As parents, we need to remember that our children watch what we say and do. We need to model good behavior, decision-making, and responsibility.

LESSON 1: No Shortcuts to True Wealth

There are no shortcuts to acquiring true wealth, be it money or wisdom. Those who take shortcuts—winning the lottery, marrying for money, or inheriting a sizable estate without proper preparation—often live dysfunctional lives, with their windfall creating more problems than they faced before.

Receiving an inheritance without preparation can poison children and destroy their families if they do not understand the responsibility of handling wealth. We must begin working with our children long before an inheritance is received.

LESSON 2: Use Wealth in Service of Others

Another important lesson to teach is that anyone is rich if they use their money in the service of others. Thinking that money's sole purpose is to buy more stuff for yourself can destroy you from the inside out. According to Thomas Jefferson, the pursuit of happiness involves an internal journey to know ourselves and an external journey of selfless service to others. Children should learn this from their parents at an early age.

Regardless of their wealth, a family should develop a culture that imposes an agreed-upon discipline on the disposition of their assets. Family dynamics improve when transparency, convention, and tradition drive giving decisions. I believe money should flow to the next generation in a way that allows releasing the wealth to their children in time. It will become wealth that has been gracefully and wisely relinquished—a gift that keeps on giving. The responsible handling of family wealth is a skill that strengthens parent-child relationships rather than undermines them.

LESSON 3: Use Money to Bring People Together

A family should use money to bring people together. While money can divide, it can just as easily connect. Money can nurture relationships or destroy them. Money is energy: how you direct that energy is up to you.

Does money control you, or do you control it? The answer is found when you examine your engagement with others in your life. This is why some millionaires die impoverished, while other people of modest means die rich, surrounded by family and friends. Having regular conversations with the next generation can provide an opportunity to frame a set of values that leads to a closer relationship between parent and child.

Reframe the family's charitable giving as a family project deserving of time and attention proportionate with the effort that went into making that place. Charitable giving should not be tax driven; it is guided by values, with an emphasis on need and effectiveness. Anything less does a disservice to those in our family who came before us, whose sacrifice, hard work, and deferred consumption led to the ability to make the donation.

Selecting worthy causes is not just a process for the rich, but for anyone with even a modest amount of wealth to pass on. Don't underestimate how a small charitable gift can leave a big impression on children when they are included in that decision. We feel every family, regardless of their wealth, should have family meetings.

It's important that your children understand that your true legacy is not your money or possessions, but **them**. For your legacy to flourish, you must get your children involved, work with them to create something, and contribute something to your community for the benefit of others.

What we leave behind—most notably our words and deeds—are reflected in the lives of those we touched. Are you taking time to teach your children and grandchildren about the family and the legacy you want to pass on?

Key Takeaways

- If you plan on passing your wealth along to your children, it's essential to make sure they're prepared to handle that wealth responsibly.
- Make giving back a family affair. Involving your children in charitable decisions helps prepare them for when those decisions will be theirs to make.
- The goal of wise asset management isn't to enrich yourself but to reach a point where you can share your wealth with people you love and the causes you care about.

CONCLUSION

Retirement should be an exciting and fulfilling period of life—but there can be many twists and turns after retirement.

Everyone's journey is unique, with different goals, challenges, and opportunities. Rodgers & Associates is here to help you navigate your journey through retirement by planning ahead, answering your questions, and keeping you on track.

If you are unsure what to do next, speak with one of our advisers. Our advisers hold a professional designation, with most holding the Certified Financial Planner™ or CFP® designations along with the Chartered Retirement Planning Counselor℠ or CRPC® designation. The CRPC® program covers all aspects of the retirement process in a single comprehensive program with no product or advising biases.

When you have questions about retirement, we are here to help. Through regular check-ins with our clients, we understand their financial and personal lives and make recommendations to help them achieve their goals. At Rodgers & Associates, we have one service: helping our clients become financially independent for retirement.

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