

Retirement Plan **POWR** Crib Sheet

- 1 Each of the major financial risks faced in retirement, whether it's stock market volatility, inflation, health care expenses, or rising taxes, will all be reflected in the overall risk of a _____ in a person's future standard of living.
- 2 When making any financial decisions you should always ask yourself what _____ might this have on my future standard of living.
- 3 Instead of attempting to increase the amount of retirement income generated from a portfolio by switching to _____ investments, it may be more prudent to focus on the standard of living that can be supported by that portfolio throughout a person's remaining lifetime.
- 4 In order to generate higher yields from investments, it will often require switching to higher _____ securities.
- 5 Relying on _____ securities for retirement income can result in a _____ in your future standard of living because of inevitable market fluctuations.
- 6 Higher yielding, higher risk securities can play an important role in combating future inflation, but in order to protect a person's future standard of living, this money should not be used for income until these securities are changed to something with _____ .
- 7 When a person with a traditional IRA, 401k, TSP or other similar account chooses to change investment positions from high risk securities to low or no risk financial instruments, one way to continue deferral of taxation is to do an IRA _____ .
- 8 Over time, _____ is a risk that can jeopardize a person's future standard of living just as severely as stock market losses or any other financial risk.
- 9 For a person age 60 today, at a three percent rate of inflation, the cost of living would double by age _____ .
- 10 Social Security retirement benefits might be considered as the only truly guaranteed sources of inflation protected income because the federal government as the ability to _____ money.

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- 11** One of the most common retirement planning mistakes occurs when a person has an unfounded belief that he or she will die at or _____ average life expectancy.
- 12** If the man and woman are married, there is a _____ percent chance that one will live to age 90. (*Society of Actuaries Retirement Participant 2000 Table.*)
- 13** According to the Alzheimer's Association one in _____ seniors dies with Alzheimer's or another dementia.
- 14** One-third of today's 65 year-olds may never need long-term care support, but _____ percent will need it for longer than _____ years. (*U.S. Department of Health and Human Services, LongTermCare.gov*)
- 15** Newer forms of life insurance are available which provide the ability to use some or all of a policy's _____ benefit while the insured is alive, to help pay for long term care expenses.
- 16** Under current law a minimum of 15% of Social Security is _____ income, and for many people the percentage is much higher.
- 17** Deciding when to start collecting Social Security and the timing of withdrawals from brokerage accounts, IRAs, 401ks, TSPs and other retirement accounts, can have a major impact on the _____ a person pays as well as how _____ their account balances might last.
- 18** When deciding if a person should convert to a Roth account, it will be important to consider the potential impact this might have on the _____ portion of Social Security benefits in both the year of conversion as well as in future years after the conversion.
- 19** A degree of power can be gained by realizing that retirement resources are connected, and that the decisions made about one can impact the others in ways that can result in either a decrease or increase in a person's _____.

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Answer Key

1. **reduction**
2. **impact**
3. **higher yielding**
4. **risk**
5. **risky**
6. **lower risk**
7. **rollover**
8. **inflation**
9. **84**
10. **print**
11. **before**
12. **45%**
13. **three**
14. **20; 5**
15. **death**
16. **tax free**
17. **taxes; long**
18. **taxable**
19. **future**

RETIREMENT QUIZ

1. How worried are you about the possibility of experiencing a future reduction in your standard of living at some point during your retirement?

Not worried (0 points) ____ Somewhat Worried (1 point) ____ Very Worried (2 points) ____

2. Are you or will you be relying on yields from risky securities for a portion of your retirement income?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

3. Have a large portion of your retirement funds experienced yields of 3% or less over the past five years?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

4. Are you worried that government spending could lead to increased tax rates, inflation, or both?

No (0 points) ____ Yes (1 point) ____

5. Is more than 75% of your retirement savings in a traditional tax-deferred IRA, 401k, TSP or other accounts where 100% of the withdrawals will be subject to income taxes?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

6. Are you or will you be forced to pay Medicare IRMMA premium surcharges based on your current or future retirement income?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

7. If you are not yet covered by Medicare, do you understand the program's three enrollment periods and how to avoid possible penalties and coverage delays?

Yes (0 points) ____ No (1 point) ____ I am currently on Medicare

8. Have you carefully considered the potential advantages of converting your traditional IRA, 401k, TSP or other tax-deferred plan to a Roth account and if so, did you factor into any conversion decision potential of future tax savings relating to Social Security benefits?

Yes (0 points) ____ No (1 point) ____

9. Have you consider potential opportunities for increasing after-tax spendable retirement income by the proper timing of withdrawals from various accounts, Roth conversions or the use of a Home Equity Conversion Mortgage (H.C.E.M.)?

Yes (0 points) ____ No (1 point) ____

10. Are you familiar with how a Home Equity Conversion Mortgage (H.C.E.M.) can be used to purchase a new home for the purpose of downsizing, or to help pay for long term care, protect a retirement portfolio or potentially increase the after-tax lifetime of Social Security benefits?

Yes (0 points) ____ No (1 point) ____

11. Are you healthy and does your family have a history of greater longevity? (If so you might expect to live a long life which ironically might means you could be more in need of care.)

Yes (1 point) ____ No (0 points) ____

12. Do you have a family history of dementia, Alzheimer's disease or neurological disorders? This can put you at higher risk of needing care.

Yes (1 point) ____ No (0 points) ____

13. Do you have a living trust?

No (1 point) ____ Yes (0 points) ____

14. Have you prepared a medical or health care power of attorney?

No (1 point) ____ Yes (0 points) ____

15. Do you worry about your children's future financial security?

Yes (1 point) ____ No (0 points) ____

16. If your death occurred tomorrow would your surviving spouse experience a reduction in income greater than 20%?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

17. If you do not have long term care insurance, have you considered hybrid life insurance that provides living benefits that can be used to help pay for long term care?

Yes (0 points) ____ No (1 point) ____

18. If married or divorced, has your financial advisor prepared a computer analysis of your Social Security retirement benefits, spousal benefits and survivor benefits to determine the best strategy for maximizing lifetime benefits?

Yes (0 points) ____ No (2 points) ____ I have never been married. (0 points) ____

19. Have you or your financial advisor prepared long term projections of both your estimated retirement income and expenses, in an attempt to determine if you might one day outlive your savings?

Yes (0 points) ____ No (2 points) ____

20. Have you personally met with your financial advisor in the past 12 months?

Yes (0 points) ____ No (1 point) ____ I do not have a financial advisor. (2 points) ____

Total Points ____

A **score of 12** or higher might indicate that you may be at a high risk of experiencing a reduction in your future standard of living. You would be well advised to meet with a knowledgeable financial advisor experienced with the issues of market fluctuations, maximizing lifetime Social Security benefits, the impact of taxation and the challenges of longevity.

A **score of 6 to 11** might indicate a moderate exposure to the risk of experiencing a reduction in your future standard of living. It might be wise to focus early on any issues that could possibly increase this risk in the future.

A **score of 0 to 5** might indicate that you have little to no exposure to the risk of experiencing a reduction in your future standard of living.

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BUDGET WORKSHEET

Household / Living	Monthly Amount Current	Monthly Amount Retirement	Notes
Rent/mortgage			
Mortgage prepayments			
Real Estate Taxes			
Renters /homeowners insurance premiums			
Utilities - water / gas / electric / trash pick up			
Groceries and other essentials			
Internet / phone / cable			
Entertainment - / events / shows / dining out			
Hobbies / dues / memberships			
Vacation / travel			
Other			
Other			
TOTAL			

Miscellaneous			
TOTAL			

Transportation	Monthly Amount Current	Monthly Amount Retirement	Notes
Auto Loans			
Auto Insurance			
Auto Registration Fees			
Fuel			
Service / Repairs			
Other			
TOTAL			

Health			
Health Insurance / Medicare			
Long Term Care Insurance			
Life Insurance			
Medications			
Other			
TOTAL			

TOTAL			
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