

Welcome to InFRE's January, 2019 Issue of Retirement Insight and Trends



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Retirement InSight and Trends is the quarterly newsletter for the International Foundation for Retirement Education's Certified Retirement Counselors® (CRC®s) to help retirement professionals with the practical application of new retirement readiness, counseling, planning and income management concepts for the mid-market. Find out more about the [CRC®](#) and [InFRE](#) [here](#).

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January, 2019 InFRE Update: Welcome to Our New Board of Standards and Standing Committee Members!



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The Board of Standards and Policy Development (BOS), the policy-making and oversight body of Certified Retirement Counselor® (CRC®) Certification, recently chose three individuals to serve on the BOS beginning in January 2019. We extend our congratulations and sincere thanks to John Barker, CRC, CEBS, MBA, Assistant Director, Benefits Services, Colorado PERA, Kathryn Berkenpas, Vice President, Personal Planning Solutions Group, and Kenneth White, Ph.D., MAcc, EA, Associate Professor, University of Georgia for agreeing to serve on the Board of Standards. We also extend a sincere thank you to Ron Nichols, CRC and Lance Palmer, Ph.D., CFP® who both completed their service on the BOS.

Here is the complete list of the Board of Standards members today:

Raymond Kirk, Public Member, Retired – Benefits Officer Training & Development Group, Office of Personnel Management

Curtis Morrow, CFP, ChFC, CRC, Gardner and White

Donna Richards, CRC, CISP, MBA, First National Bank of Hutchinson

Sherry Keegan, CRC, Keegan Wealth Management & Retirement Strategies, LLC,

Justin Price, CRC, AIM Advisory Group

Leigh Donohue, CRC, Retired Nationwide Retirement Solutions

Kenneth White, Ph.D., MAcc, EA, University of Georgia

John Barker, CRC, CEBS, MBA, Colorado PERA

Kathryn Berkenpas, CRC, CFP, CHFC, Personal Planning Solutions Group

What Does the Board of Standards do for InFRE and CRC Certificants?

The purpose of the BOS is to independently establish the governing rules and regulations related to the CRC program, make determinations regarding eligibility and all essential certification decisions, and provide mediation and interpretations for the program as needed by staff and other volunteer groups.

BOS members serve a three-year term and committee members serve a one-year term. Each year, only two to four new positions are available. To complement the experience of the existing Board and Subcommittee members, qualified candidates need to possess the competencies to be an effective, strategically-focused contributor and to successfully fulfill the roles and responsibilities of a BOS member. InFRE seeks qualified candidates who are leaders in retirement counseling and have a passion for how CRC professionals can benefit the public.

The BOS benefits from the contributions of many volunteers who serve on committees to help keep the CRC program up-to-date and relevant for today's retirement professional. There are many opportunities for CRC Certificants to become involved with furthering the work of InFRE in meaningful and rewarding ways. If you would like to volunteer your expertise by serving on a CRC committee, please complete and submit a volunteer application. Thank you in advance for your willingness to serve!

Retirement Planning Beyond the Dollars and Cents

 retirement-insight.com/retirement-planning-beyond-the-dollars-and-cents/

By Robert Laura, CPRC

Many people talk about how retirement is changing, but no one is talking about why or how. My goal is to help you generate a new mindset and a new conversation.

In the past, the “haves” are people who had money and lived a life of leisure. That has changed because wealth and leisure aren’t the only key aspects today, especially when you look at retirement. What is important? Health, family, and relationships.



Robert Laura, CPRC

Editor's note: This article is an adaptation of the live webinar delivered by Robert Laura in 2018. His comments have been edited for clarity and length.

You can read the summary article here as part of the [4th Qtr 2018 Retirement InSight and Trends Newsletter](#), worth 1.0 CE when read in its entirety (after passing the online quiz.)

You may also choose to take the full length course [Retirement Planning Beyond the Dollars and Cents](#) for 1.0 hours continuing education (CE) credit.

The New Retirement Reality

People have an idea of what retirement is going to be like, but when they get there, it's not the same. The first thing that is different is that retirement is difficult. It's the most anticipated but least understood phase of life, and it's because we have these vague ideas and assumptions of what life is going to be like, and when we get there, it turns out very differently.

There's a study that says 80% of people think that life in retirement will be better, but only 40% of people in it find it to be that way. That's a significant disconnect, and the disconnect is because people don't go into it with a plan. They think, “Oh, it's going to be okay as long as I have the right dollar amount and the asset allocation. I'll figure out the rest of the stuff.” What they end up doing is wasting the first and best years trying to figure out how to make it work. It doesn't have to be that way. We've got plenty of knowledge, experience, and resources to help people overcome that.

The other part about the new retirement reality is that retirement is disturbing. It's one of the most traumatic events people will go through, and it's simply because everything that's important to them gets pulled away. The analogy I use is when you were growing up and got grounded, what happened? You couldn't talk to your friends, go out, or do certain things. That's what happens in retirement. You get all this stuff – work, friends, relationships, and health – pulled away, and it can be a traumatic transition for people, and they don't know what to do about it.

If you're in retirement and someone says, "How is retirement going?" You can't say, "Oh, it's not good. Things are terrible." People look at you like an alien or monster because it's supposed to be the best time of life where everything is perfect and falls into place, but that's not really what happens. People don't know whom they can turn to and talk to about it.

The other thing is that retirement is dangerous. The two most dangerous years of your life are when you born and when you retire, and the reason is that of the failure to thrive. If you think about newborn babies or orphans, they struggle if they don't have the human touch, the interaction, or that love, and that's what happens to people in retirement. So, we've got to start alerting people to these things instead of this idea that it's all perfect and good.

Now, I know I'm not far into this and I'm talking about major buzzkills, but my philosophy is simple. We need to vaccinate people about retirement. We need to start letting them know about it. If you think about what vaccination does, it injects a small part of something negative into your body so that your body will build up defenses.

That's exactly what we must start doing with retirement – injecting somebody with a little bit of this stuff. We don't have to hit people over the head with it or make them feel bad, guilty, or anything like that, but let them know, "If you don't go in for a plan for everyday life, you're going to face some of these challenges." Creating this awareness is the whole key. We're not suggesting turning advisors into therapists or anything else, but simply raising awareness, educating, informing, motivating, and inspiring to help people create this successful transition.

The best way to make a successful transition from work life to home life is to have a home life already. That's the critical thing that we want to start having those different conversations. Don't wait to start walking or eating better. Do it now, so you're just continuing it in retirement because retirement magnifies what you already are. If your clients like to sit around and do nothing, they'll have more time to do it, but if they're busy, they have other roles, other relationships, and if they're working out and doing these things, they're just going to continue with that.

The Trends and Science of Retirement

The trends and science of retirement are critically important because what I've found with coaching is that there's a "fluffy" perception about it. "You're going to meet with me in a coffee shop, and I'm going to fix all your problems in 45 minutes." That's not true. We have to look at the trends, science, and leverage that for credibility to help people understand why the psychology and these non-financial things are so important.

If you look at Robo-advisors – Schwab's got their low-cost trades, you get your money back if you're not happy. Schwab has all these trading platforms, but what's interesting is they're all nonhuman. It is resulting in fee compression, so people are charging lower fees. I've seen some advisors going to a flat fee no matter what a client brings as far as assets.

The human factor is the reason why I haven't lost any clients to a Robo-advisor, and I'm not building my own Robo-advisor platform because I like people. I was recently at a conference where Nick Murray talked about the Golden Age of the Advisor, and it's the golden age because the human factor matters – you in your role with your clients. Again, we're not turning you into a psychologist or a therapist. We're just helping you ask better questions, dig a little bit deeper, and help people have an impact on their personal lives.

Retirement isn't changing. It already has. The train has left the station. You can be on the front end of this curve if you want. The nice thing right now is that there's not this perfect model or perfect plan. You can be a pioneer and an innovator out there.

These non-financial pieces and have had a significant impact on my practice because no one else is doing it. I'm not asking amazing questions, but if I ask a client to write down what a perfect day and a perfect week looks like, they have these "Aha" moments that they can't believe. Do you know why? No one else is asking them to do it. It's not hard. It's not rocket science. There are some simple things you can go through to have a major impact on people.

Fatal Flaws of Traditional Retirement Planning

There are some fatal flaws in traditional retirement planning. First, we're just going to make retirement plural. This is your first retirement, your second, or your third. It doesn't create the stigma that you've retired, and you're done. You don't have to say you're retired. "I just retired from my first gig. I'm looking to start my second or my third, or I'm going on to this." What's important is for us to look at changing our mindset.

Another flaw of traditional retirement planning is that it assumes clients don't like what they do for a living. That's not true. I know many people who like what they do for a living, but it's confusing because there are age stigmas. When you get to 62 and 65, you're supposed to retire. Let's be honest: If you're 70 and you're still working, you either didn't save enough money or you don't like your family, right? Those are the social norms that are out there, and that's what we have to change.

There's also the assumption that there's no benefit from work life. That's also not true. It forces you to get up, to get to work, you must walk into work, you have to interact with other people, and you have deadlines. It provides a lot of value, so it's not necessarily about how you exit from all of that, but how you replace and leverage it in your personal life. Again, it's the mindset. Retirement doesn't remove work; it just reorganizes it. You still have to do work in retirement, but it's on yourself, and nobody has told anybody about that. That's our job; to let people know. "Hey, you're done with this type of work, but retirement takes a different type of work."

Some of the questions I ask clients and write a lot about is, "How do you win at retirement? What do you have to do to be successful at retirement?" You can't use the things that you were successful at work with to measure if you're successful in retirement.

Another assumption is that freedom from work won't enslave clients to something else. I can't tell you how many clients turn into conspiracy theorists. They retire, they sit at home, they watch political TV all day, and suddenly, the world is filled with Russian spies, and everything is coming to an end. Or, they turn into a full-time nanny, or they're at the casino gambling more, or they're drinking more. Just because you have more free time, it doesn't make life better. Clients must have something to do during that time.

There's also the flawed assumption that people can save enough money to do nothing for 30 years. Everybody knows the story of Social Security. When it was instituted, life expectancy was 61. You weren't supposed to get it. Now, it's 84 and 87, or maybe it's a little higher, so people are living longer, and they've got to have things to do. Starting a business, volunteering, part-time work – there are so many factors. It's good to tell people that it's okay for them to work a little longer because it's unrealistic to expect to have enough money to maintain your lifestyle for 30 years.

How Well Do Retiring Couples Like and Understand Each Other?

For the most part, couples are not on the same page. We created one of the first couples' assessment, and it looks at 28 different factors for couples. They can either mark each question as "thought about it," "talked about it," or "agree on it," and each in the couple answers that question. The software compares their responses.

Guess what? Most people aren't on the same page, let alone in the same book because there's no one to facilitate those conversations. Dorian Mintzer, M.S.W, Ph.D. is well-known in the retirement coaching industry. One of the things she's found in her practice, especially working with women, is that women don't want to live their husbands' retirement. That's a powerful statement, and again, it has to be brought up.

Many times, there are disagreements with couples – but you're not there to fix it or do marriage counseling. You have to raise the awareness. These conversations have to start with, "Hey, what are your plans together and apart?" Guys also tend to think that their

spouse wants to be with them 24/7, and they don't, but the guy doesn't know, so someone has to break the ice and start having these conversations because otherwise, it turns into *The Odd Couple* where they're fighting all the time. Grey divorce is increasing. We have to leverage, identify these flaws, share them, and help people work through them.

How Do Misperceptions About Longevity Misdirect Retirement Planning?

People are confused by longevity. It's a broken record. How many times have we all heard that we're all living longer? What most people do is what I call "assembly line thinking." They think that they're living longer, be less capable for a longer period, so they tack those years on to the end.

When you've done planning for a baby boomer, this is evident. When you ask about family health history and how long they think they might live, they say, "Well, my mom lived to 90, but my dad lived to 85." "Okay, we should project out that you live to be 95 or 100." They're like, "Ninety-five or 100? If I live to be that old, just take me out back and shoot me." Well, we can't do that. However, their thought process is that they're going to be less capable for a longer period. That's not necessarily true.

What's happening is superchargers are being installed with people between the ages of 50 and 75. It's cliché to hear people say age 70 is the new 50 and age 60 is the new 40. People are getting to age 62 or 65, and their doctors are telling them they have the body and mind of a 45-year-old. They feel that way because they're not ready to be put out to pasture, but they're confused because of the age stigma. "I'm 62 or 65. Gosh, I've got to hang this up."

This is where coaching comes in. It's not about negative things, but inspirational and motivational things to help them change careers, go back to school or start a business because they've got plenty of time and plenty of capacity to continue to push forward. It's our job to change that mindset, especially about age in that category between 50 and 75, because they get there, they look good, they feel good, they just need permission to step outside of the box and continue to deliver until they're ready to retire because of the benefits works provides and gives to them.

The Problems with Employer-Sponsored Retirement Plans

There are a couple of significant issues with employer-sponsored retirement education programs. They tend to compartmentalize retirement. They focus on the financial stuff. That's a one-legged or half-sided approach. It's lopsided, and it pushes people into

something that they're not familiar. The positive aspect of retirement also tends to be overemphasized. I call this "Pollyanna planning." "Oh, it's gonna be great. You're gonna love retirement."

When you ask people who have retired, "How is retirement going?", what do they say? "Oh, good! I wish I'd have done it before." What do you mean? What are you doing every day? They can't explain it. It's a cliché answer. They say that in response because retirement is supposed to be awesome. The new era and new mindset must cover new skills and habits.

The other big issue I see, especially with retirement, is that you can do some volunteer work in retirement. Well, guess what? You sign up for this program to volunteer, you're all excited, and you get there, and in the first couple of weeks, you're miserable. It's not rewarding, it's not what you thought, but you kind of feel trapped. Then, what do you do? You're stuck.

It is important to force people to ask themselves what kind of volunteer work they want to do. If you retire with a volunteer gig already, it's much easier to maintain that. Not every volunteer gig is going to be rewarding, but if you want to find one, you've got to experiment with it. However, no one is out there telling people about that. They're just saying, "Oh, volunteer or do some part-time work."

It's the same with part-time work. Guess what? Nobody needs an employee from 11:00 a.m. to 2:00 p.m. on Tuesdays and Thursdays in the winter months for \$20 an hour, but people go into it with those perceptions. If you want a part-time gig, get out there, fill out some applications, do some interviews, and see what's available to see what it's going to be like instead of just plugging in that you're going to make \$25,000 a year with this part-time gig, because that might not be possible.

The other reason employers should change their retirement education offerings is when many people retire, they've got the right amount of money, the asset allocation, they're told it's going to be great, but then they get there, and guess what? They're not happy. They regret their decision. That's bad PR for the company because what are the people on the outside going to say? "They don't like us, old-timers. They forced us out. They don't want anything to do with us."

It's not rocket science. There are straightforward ways to implement some of these things. Why not provide training for people to get part-time work, to start a business, and to do other things? There are a lot of opportunities there.

What Does Research Tell Us About Retirement?

Most human misery is not due to economic factors. It's due to the things that we do to ourselves or don't do. This is an important point of how people set themselves up for retirement. Harvard has a great adult human study on this, and there are some TED Talks

on it. The real reality is that people who are more socially connected are happier, physically healthier and live longer than people who are less well connected. My research shows hands down that your social network is the most critical function of your wellbeing in retirement, not only just because of how you feel connected and how you stay relevant but also because of your health – in particular, your brain.

This is another powerful opportunity. No one's talking about their brain in retirement, but when you look at the research, what we know is that older adults fear Alzheimer's disease more than any other life-threatening illness, including cancer, stroke, and heart disease. The brain is critically important, and here's why: What happens when you don't have your memory? That's what really provides the most value to you.

Without our memories, our life has diminished meaning. It's important to talk about this with people and say, "As part of our plan, how do we protect your brain in retirement?" This is a topic that's also very important to educated people, especially academics.

One of the articles I wrote is called, "What Happens to Smart People in Retirement?" I joked that your brain turns to mush, you forget everything, and no one likes or appreciates you, or cares that you did all those lectures, or wrote all those papers. Of course, this is not true, but the whole idea is to push people to think about the choices they're making and what's going to happen to them later.

There's something called a value/behavior conflict, and this is what many advisors or so-called "life planners" do. They ask people: What do you value in life? List them out. Our behaviors don't always support our values, so we have to cause a collision course to help them recognize that their behavior is causing a problem with this value. They then either don't value it or they have to change their opinion. That's a meaningful way to help people start to make personal change. There's a great book out there called Motivational Interviewing that talks about the concept of creating a collision between a person's values and their behaviors to help them connect the dots.

Of course, physical exercise also makes a big difference. Our brain needs a good supply of oxygen to function effectively, so again, it's not just talking about how you need to be healthy or do these things; you're encouraging clients and giving them context.

For example, if in retirement you want to start walking and eating healthy because it's going to protect your brain, and if you're walking with a group or doing other things, you're going to be connected socially. Done together this will help you protect your brain, live longer, remember your life, and give it more meaning for a more extended period. It's important to help people connect the dots.

What Really Happens to Retirees?

How do you explain this to people? We look at five key areas: Spiritual, mental, social, physical, and financial.

For spiritual, we're not going to try to ordain you or give you a list of "Thou shalt nots." We define it two ways: Internal and external spirituality. Internal is what makes you tick. What are your beliefs, values, and feelings? External spirituality is if you're going to go to church or have some religious affiliation – so, two separate things. Internal spirituality is important because once we know what you value, what you feel, and what you're thinking – that builds into the mental part – whom you hang out with, what you do with your time – and that leads to what you do with your money. What I tell people all the time is if we can get the personal stuff figured out, the money stuff falls into place. It's a very simple approach to explain to people how this works.

If you know a successful retiree, one who is living life like no one else, who is a notch above, they can probably put a checkbox to four, five, or six of these things. They found a way to replace their work identity. They found a way to fill their time with meaningful tasks. They found a way to stay connected and relevant. They found a way to keep mentally fit and physically active. They have a way to express their spiritual beliefs. They feel financially secure.

How to Bring Retirement Coaching into Your Business

There is a natural progression towards coaching in your business to help you differentiate your practice from the rest. You're an advisor, so you advise. You do some consulting. Coaching is very similar. People are open to taking advice on their finances, but you can't always tell people what to do with their life. That's where coaching comes in and being able to nudge, educate, and help them see the answer for themselves. It's a suite of tools that you want to have. It's not only to advise and consult, but also coach.

If you're a number cruncher and don't want to do this, there are plenty of coaches out there. Many coaches are not advisors. They don't want anything to do with the money part. There are some easy ways to partner with retirement coaches to offer this service and make yourself stand out a little bit more. Checkout <https://www.retirementcoachesassociation.org/> for more information to help your clients make a successful transition to retirement.

About Robert Laura, CPRC, Retirement Activist, founder of RetirementProject.org and the Retirement Coaches Association

Robert Laura, CPRC, is the Retirement Activist who is committed to changing the way people think about and prepare for every aspect of retirement. His nationally syndicated columns at Forbes.com and Financial Advisor magazine reflect his ground-breaking efforts to challenge the status quo of traditional retirement planning.

As a former social worker and certified personal trainer turned money manager and author, he has found that retirement is among the most fascinating, yet least understood, phases of life. Through interviews with celebrities, professional athletes, entertainers, leading experts, and his own clients, he's developed a powerful message to tackle the mental, social, spiritual, and financial aspects of retirement. His objective is simple: to help people create a no-regrets retirement plan.

As the RETIREMENT ACTIVIST, Robert runs the Certified Professional Retirement Coach Designation, founded RetirementProject.org and Retirement Coaches Association. He has authored Naked Retirement, Retirement Rx, and a number of guides to help individuals succeed in this next chapter of life. In addition to his own writings, he frequently appears in major business media such as Wall Street Journal, CNBC, and Investor's Business Daily, Yahoo Finance, The Street, and more.

Robert conducts training for other financial professionals, as well as workshops and webinars for individuals and couples, designed to help people prepare for every aspect of retirement. He has been speaking and teaching economic, investment, and retirement programs for nearly 20 years.

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Advance Care Planning: A Critical Component for Building Client Relationships



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By Paul Malley, President of Aging with Dignity

More than 30 million people have already used *Five Wishes*. It's available in 29 different languages and used by organizations, healthcare providers, and faith communities of diverse faiths from across the country and the world. Because it's translated into 29 languages, it's appropriate in very diverse populations and communities.

In this article, we'll look at the value of advance care planning, what it means to plan before a serious illness, and how that fits into your role as a financial advisor. We'll also help you have a better understanding of how to start conversations with your clients about advance care planning. It's no joke – this can be a bummer of a topic to discuss. Talking about end-of-life care is hard.



Paul Malley, President of Aging with Dignity

Editor's note: This article is an adaptation of the live webinar delivered by Paul Malley in 2018. His comments have been edited for clarity and length.

You can read the summary article here as part of the 4th Qtr 2018 Retirement InSight and Trends Newsletter, worth 1.0 CE when read in its entirety (after passing the online quiz.)

You may also choose to take the full length course Advance Care Planning: A Critical Component for Building Client Relationships for 1.0 hours continuing education (CE) credit.

What do you want at the end of *your* life?

Take a second to think about your answer to this question. If you were told that you had been diagnosed with a serious illness, that you are not far from the end of life, what things would stand out to you as being most important?

Across the board, whether people are young and old, rich or poor, they say:

- "I want to be at home,"
- "I don't want to be in pain,"
- "I'm afraid of being in pain,"
- "I want people to be with me,"
- "I'm afraid of being alone,"
- "I still want to have a say in what kind of care I receive, and how decisions are made for me, even if I lose the ability to speak for myself."

Mother Teresa inspired our work. She was often known as asking this question to reporters or a small group of people who had gathered around to talk to her. She'd ask them: "What's the worst disease in the world?" Typical responses were leprosy, AIDS, cancer; you run down the list.

She'd shake her head, and say, "No. The worst disease in the world is loneliness, people feeling alone, people feeling isolated." We know that this can touch all areas of the world. It's affecting people in any city, in any rural area, regardless of how much money they have, or they don't have. It touches in all corners.

What does it mean to plan before a serious illness?

Often, people haven't taken a practical step of telling their loved ones what they would want. They haven't filled out any paperwork, any documentation, either with their healthcare provider or their attorney or any other professional advisor, to say "here's what's important to me." That's what we aimed to be a solution for when we created *Five Wishes*.

Financial advisors use *Five Wishes* as a helpful advance care planning tool that provides their clients the benefits of peace of mind and a record, a trail of breadcrumbs so that their family doesn't have to guess what they would want.

Advance care planning is the umbrella term that covers any actions that we take as individuals to plan ahead of a health crisis, to make healthcare plans or designate decision-makers for what we would want in case we're not able to speak for ourselves.

The idea of living wills, advanced directives, has been around a long time. The problem is that most people didn't use the forms that were out there. We thought it would be more useful to people if a document were in a simple format and everyday language; if it focused on promoting peace of mind, not just resolving legal questions or medical questions but concentrate on what the patient, the person, was most interested. We also wanted to help families avoid second-guessing and issues of guilt; did I do the right thing for my mom or dad, and helping people get the care that they want and deserve? However, we also need to look at what's important to their heart and their soul, what's important to their human dignity.

That's why *Five Wishes* was the first living will or advance directive to address these issues of emotional and spiritual connections and preferences. We did work with the top medical and legal experts in the country, palliative care medical providers, and attorneys at the American Bar Association that helped us look at the legal requirements in all 50 states, so we could craft *Five Wishes* in a way that meets the legal requirements in as many states as possible.

Every state has a part of their law that addresses advanced directives and advance care planning. The current additional *Five Wishes* fully meets the legal requirements for an advance directive in 42 states and can be used in place of the standard, typical durable powers of attorney for healthcare or living wills. In eight states, there is an additional requirement that after you fill out *Five Wishes*; you also need to fill out your state-required advance directive as well. Each of those states has a mandatory form requirement where their state statute implies that to use an advance directive in this state you must use their form that's written in the state statute.

We now partner with more than 40,000 organizations of all sizes; large healthcare providers, large health systems, large employers, smaller groups, attorneys, financial advisors, churches, and others that put *Five Wishes* into the hands of families as a way of saying, “Here’s something that’s helpful to you, here’s something that’s helpful to your family.”

The thread that you’ll see embedded in *Five Wishes* is this focus on honoring and promoting human dignity, and also responding to some of people’s greatest fears, such as the fear they’ll be an object on a healthcare conveyor belt. They fear they may become anonymous, that people don’t know them, that their healthcare providers don’t know them. Maybe even that their close family members don’t really understand what’s most important to them. We want to help change that so that people don’t feel alone or unknown.

We also want people to be able to communicate not only with their family but also to their healthcare provider and their professional advisors, whether it’s an attorney or a financial advisor. When someone is living in the last weeks or months or years of life, we need the help of everyone who is important in our lives. We need the help of our close friends, our close family, and our close professional advisers.

The better our relationships are on all these fronts, the more people know us, whether it’s our family or a professional advisor, the better equipped they’ll be to help us in that of crisis or for dignified care and quality care near the end of life.

What Issues Do Five Wishes Address?

The first is naming the person that you want to make healthcare decisions for you when you can’t make them for yourself. That’s the equivalent of the durable power of attorney for health care, or a healthcare agent.

The second focuses on medical treatment and making decisions about what types of treatment you’d want, or not want. That’s akin to the traditional living will.

Then the third, fourth, and fifth wishes get into more personal preferences about comfort and dignity, and how you want people to treat you, and what you want your loved ones to know.

Wish 1 is like a traditional durable power of attorney for healthcare and is a good example of how *Five Wishes* has changed the language. Imagine presenting to your client or your grandmother a document that is titled “Your State’s Durable Power of Attorney for Healthcare.” If they have a law degree, they might be able to figure out that title and the wording in that document that’s sometimes very difficult to understand. Rather than calling it “Durable Power Attorney for Healthcare”, we use the simple headline, “*The Person I Want to Make Care Decisions for Me When I Can’t Make Them for Myself.*” That’s just one example of how we’ve changed the language around to remove medical and the legal jargon and focus on, the practical simplicity of what this is about; here’s what you’re being asked to decide.

There is space on this page to name the person you choose as your healthcare agent. There is room for naming a first choice, second and third choice. We know today sometimes finding a person as a healthcare agent can be difficult if they're not available or if they're not willing to make those decisions.

There is also a list of powers that that healthcare agent can have; things like making decisions about medical treatment, about medical providers, who are providing your care, where you're receiving your care. Anything on that page that you see that the person filling this out doesn't want, they can cross it out to limit their powers as a healthcare agent.

Wish 2 focuses on medical treatment. It makes a clear statement about how you want to be cared for and have your dignity acknowledged and respected. There's a broad definition of what life-support treatment means. This is an important point that I would encourage you to discuss with clients or with your family who has completed another advance directive, or a living will in the past and see how that document defines life-support treatment. A lot of the older generations of those documents just used broad language like "life-support treatment" or "extraordinary measures" or "extraordinary means", without defining it. When you look at state statute, there often is a very broad definition of all the treatments that could be considered life-support treatment.

The broad definition *Wish 2: What "Life-Support Treatment" Means to Me*, includes all the things that state statutes include in the possible types of life-support treatment. Then right below that, there are blank lines so that a person can limit those options. So, if there are parts of this that they don't want to be considered life-support treatment, there are blank lines there where they can put them in their own words.

You'll notice throughout *Five Wishes* that there are blank lines throughout the document. A lot of times people like to have a template where they don't have to make things up out of the blue or from scratch, but they also like to be able to put things in their own words. They might want to be able to say, "I want my son to talk to my daughter and try to build family consensus," or, "I want my healthcare agent to talk to my priest or my rabbi or my minister, get guidance on our faith traditions in making these decisions."

Wish 3: My Wish for How Comfortable I Want to Be is about pain management; how you want your doctor to give you enough medicine to relieve your pain even if that means you'll be drowsy or sleep more than you would otherwise.

I remember sitting down with a couple as they filled this out. They had been married for over 50 years. They said, "We don't need to do this; we've been married a long time; I know what my wife would want; I know what my husband would want." Then the husband said, "Well, you know, I think the most important thing to me is to be awake and aware and present with the family as long as I can be. I'm willing to be in a little bit of pain if that means that I'll be present with the family longer." His wife looked at him, shaking her head, and said, "Are you nuts? If it hasn't already been said, it's not going to get said. Give me whatever you got to give me. I don't want to be in pain." In this case, something as simple as pain management and being comfortable, this couple had different thoughts than what they assumed.

For so many of us in our own families, if we don't have any direction or guidance from our loved ones, we do the best that we can, and often that means making decisions based on what we would decide for ourselves. Sometimes that's right, but sometimes it's not.

When families have these conversations, they realize things to do to make sure that they're not just doing what they would want for themselves but doing what their loved one specifically wants; what will make a difference for them.

Wish 4: My Wish for How I Want People to Treat Me states the people you want with you when possible. Sometimes people will write in the margins the list of people whom they do want the room. Sometimes there's Part 2 of that list – people they don't want in the room; that can make for some interesting family conversations! It's much better to talk about it ahead of time, and to have direction from the person, again, rather than grasping at straws or second-guessing.

We've often heard that the holidays, whether it's Thanksgiving or Christmas or even around New Year's, anytime that a family is together, wind up being a perfect time because the family is united and together. They might live in different parts of the country, but when the family is together, that's an ideal time to talk about this.

Wish 5: Here's What I Want You to Be Able to Remember About Me is the final wish that gets really to the heart and soul of what's important to a person, of being able to express love and forgiveness. After having offered *Five Wishes* now for 20-or-so years, this is the part about which we hear the most gratitude.

Five Wishes is a 12-page booklet. In the back of the document, there is a place to sign and to witness it. In most states, it only requires two witnesses. There are a handful of states that require a notary, and there's space for that. It designates which states require that notarization on the last page. There's a wallet card that you can cut out, carry in your wallet that states, "I have a *Five Wishes* advance directive, here's where my document is located, and here's how to contact my doctor."

How to Use Five Wishes in Your Practice

When clients see that you are looking out for their best interests, not just from a bottom-line perspective, but from a holistic view of really caring about how their legacy is carried on with their family and the experience their family has as they approach the end of life, that builds trust. One of the greatest gifts of *Five Wishes* is the immediate gift of peace of mind.

It can also be used to keep clients engaged. Maybe the portfolio decisions are made. Perhaps they have their last will and testament in place. They've crossed all those T's and dotted all those I's. However, let's dig in a little bit deeper and really think about what more we can do to make sure that you and your family are prepared for whatever the road has in store for you in the future.

Five Wishes can also be a community outreach tool. A way to do this is to present advance care planning to community organizations, such as churches, investment clubs, Rotary, Kiwanis, etc. to identify yourself as an expert who has done this in your own family, and that you have resources you can provide to others in the community so that they can do the same. We have a lot of the resources to back you up on that with presenter's guides and all the information that you need to know so that you can feel confident in identifying yourself as an expert in advance care planning.

This is very different from giving legal advice. Sometimes we're asked that question by financial advisors, "Can we do this?" "Can we give out an advance directive?" "We're not attorneys. We don't want to practice law." It's in the same way that healthcare providers or churches or employers give out *Five Wishes* as a resource to families. Yes, it is a legal document. It meets the legal requirements in most states. That's different from giving personalized legal advice.

What we provide, in addition to the actual legal document that you could use to put into your clients' hands or to distribute in the community, are some additional benefits and resources that you can use. For example, *Five Wishes* can be printed with your name, a message, logo and promotional information on the back page, so that every document you give out or your community partners gives out has your information displayed so that they know that this came as a gift from you.

We also have a DVD for giving presentations, and a conversation guide for families and individuals that they can take home with tips on how they can start a conversation within their own family.

The main website for *Five Wishes* is fivewishes.org. There is a specific page for financial planners at fivewishes.org/financialplanner that has a few of these tips and key suggestions for how you could put *Five Wishes* to use for yourself and your clients.

We are in Tallahassee, Florida, but we work across the country. We serve individuals and families, organizations, financial advisors, faith communities, and employers that use our resources to help families receive the care that they want, to help individuals receive the care they want by identifying what's important to them in case of a serious illness.

All too often the things that matter the most to us don't get talked about, whether it's near the end of life, or throughout the course of life. *Five Wishes* will help surface on your radar and the radar of your family, here's what's important to you, here's what's important to us as a family, getting to the heart of the matter.

About Paul Malley, President, Aging with Dignity

Paul Malley is President of Aging with Dignity, a national non-profit organization based in Tallahassee, Florida, with a mission to help individuals and their families receive the care they want in case of a serious illness. Aging with Dignity, is the creator and distributor of America's

most popular advance directive, Five Wishes, an easy-to-use legal document – used by more 30 million people – that addresses important medical issues as well as personal, emotional and spiritual matters at the end of life.

Paul Malley and the work of Aging with Dignity have been featured in national media including the CBS, NBC, and ABC evening news, CNN, MSNBC, NBC Today Show, Good Morning America, USA Today, The Wall Street Journal, The New York Times, Newsweek, Time, and Consumer Reports.

Malley has also guided the efforts of several aging advocacy groups to improve state policy on advance care planning. He was appointed by Gov. Jeb Bush to the Florida delegation of the White House Conference on Aging, an event held once every decade to shape public policy on issues related to aging.

Are you looking for a retirement speaker for your next conference, consumer event or internal professional development program? Visit the [Retirement Speakers Bureau](#) to find leading retirement industry speakers, authors, trainers and professional development experts who can address your audience's needs and budget.

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How to Make Your Clients' Money Last Longer with Withdrawal Sequence Strategies



retirement-insight.com/how-to-make-your-clients-money-last-longer-with-withdrawal-sequence-strategies/

By William Meyer, CEO, Retiree, Inc. and Social Security Solutions, Inc.

Social Security planning is very technical. I'm proud that the software we have built based on our research is nation-leading. We were just ranked as the No. 1 Social Security analyzer in America. Our second software, Income Solver, will show you at the press of a button the optimal draw-down and allows you to compare and contrast strategies.

As an industry, we focus too much on federal taxes, and what you'll see for retirees is that we need to coordinate Social Security and Medicare. If you look at how Medicare premiums are calculated, they are based on a tax formula, and it's the same with Social Security. It's easy to misunderstand the marginal rate as opposed to a tax bracket. So when you can draw down tax-deferred savings, you are generating retiring income, and you can hurt yourself.

There is a framework we can use for how to optimize withdrawal strategies, or at least how to approach it with your clients to make sure that you're coming up with strategies that are the best for their families.



William (Bill) Meyer, CEO, Retiree, Inc.
and Social Security Solutions, Inc

Editor's note: This article is an adaptation of the live webinar delivered by Robert Laura in 2018. His comments have been edited for clarity and length.

You can read the summary article here as part of the [4th Qtr 2018 Retirement InSight and Trends Newsletter](#), worth 1.0 CE when read in its entirety (after passing the online quiz.)

You may also choose to take the full length course [How to Make Your Clients' Money Last Longer with Withdrawal Sequence Strategies](#) for 1.0 hours continuing education (CE) credit.

Social Security Optimization

A withdrawal strategy is how to tap your holdings in a smart way to make your money last longer. Mostly, everyone in America and most software today use a very similar methodology – aka the conventional wisdom – to show a retiree how long their money is going to last. However, we know that we can beat the conventional wisdom every time.

We've found that for both Social Security and retirement income if you show what something looks like in the future, it changes behavior, so I'd like to show you what we're having success with and what advisors we partner with are doing well.

At the highest level, as someone in their 50s is approaching retirement, there are two key areas that we found in the marketplace that are gigantic differentiators. The first is Social Security optimization.

Unfortunately, there's a misconception that Social Security is more straightforward after the recent rule changes; that not the case as there are so many nuances and details. It is easy to find more money for your clients if you can leverage all the rules to their advantage, and in some cases, it's hundreds of thousands of dollars of additional money for that client.

Note that Social Security does have unique properties, and we've written a lot about what we call hedging longevity risk which is the risk of living longer than you expect. So, not only can you find more benefits by leveraging all the rules, you can create strategies that pay more as you live longer than you expect, and this is important since we all know most of our clients underestimate how long they live.

We can make smart decisions that you can control to make the most out of what you've saved. As an industry, I think we've made many mistakes – at least, over the last 30 years that I've been in the industry – by just focusing on accumulation and filling the gap, and tools that have negative guidelines that say, "To maintain your standard of living, you need \$1 million more." What we're trying to do is to say, "Given what you have and what's before you, how can you make the smartest investment decisions?"

In 2012, I wrote a study on how Social Security optimization adds to portfolio longevity, and how we can make someone's money last two to 10 years longer.

In 2015 we published "[Tax-Efficient Withdrawal Strategies](#)" in the Financial Analyst Journal (the CFA Journal). In that study, we showed that on average we could make someone's money last seven years longer. In a world where one of the top concerns for a retiree is running out of money, these are nice value propositions that you can bring to help your clients and grow your practice.

Why Does the Financial Industry Need to Move Beyond Accumulation?

Literally, in every 401(k) plan the focus is on growing money and growing savings, and retirement income is typically brought forth with an annuity product or a target date fund. As we all know, Social Security is going to contribute significantly to someone's retirement. Also, we have healthcare costs, Medicare; so we need to be smart on how we coordinate and focus on generating retirement income beyond just a single product.

Every time your clients draw down to generate income or pay for an electric bill in retirement, it's generating a taxable event. You're withdrawing from an account. There's a tax component to this. We cannot brush that under the table.

Simple high-level guidelines for Social Security claiming or the Four Percent Rule that doesn't take into account taxes or Social Security – we need to get into those details and do it in a way that's usable and simple for retirees to understand.

The final thing I'll say here is that Social Security is indeed the cornerstone to retirement income. Why? Whether you've saved a lot or a little, it is a material amount, and typically, the income stream is pretty lumpy. How it goes up and down will delineate how you tap or how much you need to take out of your savings. If you take money from your savings in the wrong sequence, you can actually impact the taxation, which is as high as 85% or as low as zero, so we want to be smart around how we put those pieces together.

The good news is that it is clear academically and mathematically that there is a better way to draw down. The question is if you can figure it out; it's super complicated. However, it is clear that there is a sequence that can make someone's money last longer. The problem is that it's different for every household, and some of those general rules of thumb for someone who's rich are totally different for someone from middle America.

The good news for you is that if you figure out how to integrate Social Security planning into your practice, you'll deepen relationships and there's no doubt that the quality of your advice will go up. You'll be looking at all the assets in that household. Retirement income is different from most relationships because your clients need to come back and visit with you. They're going to be withdrawing monthly until they pass away, so again, it's a nice niche.

How Does a Withdrawal Strategy Compare to the Conventional Wisdom?

What is the best way to tap your savings, coordinate this with Social Security and Medicare, and compare it to what everyone is doing today? The conventional wisdom is used by Fidelity, Vanguard, T. Rowe Price – almost every large institution uses this in their retirement planning tools and projections, and that conventional wisdom is – with *any* savings amounts entered into their technology – to tap into any taxable accounts first until they are exhausted.

Then tap the tax-deferred accounts, such as IRAs and 401(k)s, until they're exhausted, and then finally, tap Roths. This withdrawal sequence will generate income until money is gone and is the default approach in eMoney, Money Guide Pro, and NaviPlan. As I look at it, this is the go-to that every advisor uses in their financial planning software and every institution is using in theirs. From here on, I'm going to compare a better withdrawal strategy to the conventional wisdom because everyone is using the conventional wisdom as their default. Know that this default is probably what I would call more of a rule of thumb – a place to start. We can beat the conventional wisdom every time.

How Retirement Income Planning is Different Than in The Past

Many advisors ask me about doing Roth conversions. If you're doing a Roth conversion to the top of a tax bracket, you may have perfectly implemented that Roth conversion in an elegant way for one year, but you may have inadvertently caused your Medicare premiums to go up thousands of percent. It would be best if you made sure that the left hand and right hand are coordinated.

Imagine that the graph below is for a client with \$2 million, and each line represents a different scenario. We're going to focus on the attribution of what Social Security adds, asset allocation and rebalancing, asset location, and the withdrawal sequence.



The spending is going to be exactly the same for every scenario. The blue line is the conventional wisdom: Drawdown first from taxable assets, then tax-deferred, and then Roth. The conventional wisdom strategy runs out at age 97. If we add Social Security optimization, we move the blue line to the orange line, so the client can get \$328,000 more in Social Security.

These seem like big numbers. We do this every single day, and you can add a ton of value just by adding in a Social Security strategy with a withdrawal strategy. Besides, if we're doing quarterly rebalancing and some tax-loss harvesting, we can add another \$75,000 by changing the asset allocation, so we move from the orange line to the beige line. Asset location adds another \$65,000 (the green line).

The withdrawal sequence – that order in which we're going to tap things – is the top green line. By showing your clients this, that by working with you, with the same market expectations and tax environments, just by implementing proper Social Security rebalancing and the withdrawal sequence, you can add five to thirteen years to their retirement.

What is the Tax Torpedo?

I'm going to use married couples filing jointly as an example, and I want to juxtapose where we are now to where we've come. As everyone knows, right now, we're scheduled to go back in 2026 to where we were before this change.

Federal Tax Rates 2018-2025 vs. 2026 & Later Years in TCJA for Married Couples Filing Jointly

2018-2025	before COLAs	2026 & later	before COLAs
Married filing jointly	Tax Bracket	Married filing jointly	Tax Bracket
\$0 - \$19,050	10%	\$0 - \$19,050	10%
\$19,050 - \$77,400	12%	\$19,050 - \$77,400	15%
\$77,400 - \$165,000	22%	\$77,400 - \$156,150	25%
\$165,000 - \$315,000	24%	\$156,150 - \$237,950	28%
\$315,000 - \$400,000	32%	\$237,950 - \$424,950	33%
\$400,000 - \$600,000	35%	\$424,950 - \$480,050	35%
> \$600,000	37%	> \$480,050	39.6%

Look at the row for the 24% tax bracket. Right now, taxable income can be as high as \$315,000 to be at the top of the 24%. If you go over to the 2026 or later column, the top of the 25% is \$156,000. So for essentially the same tax drag – even one percent less –, you can withdraw as much as over \$300,000 now. So, I'm just looking for any household that is around that 24% range –why wouldn't we try to take out a little bit more, all the way up to that \$300,000, if you think you could be in a higher tax bracket in the future?

If you look at the late '70s and early '80s, taxes were through the roof, and given ratios and studying the history of taxes; it is likely that we will see future taxes go way up. I'm not the first person to say tax rates now are probably at an all-time low. Looking for opportunities, which I call smoothing, is where you can take out more money at a lower tax bracket today, knowing that you're likely to be in a higher tax bracket in the future.

For many people that retire, there is a period – especially before required minimum distributions set in at 70½ – where you're in a lower tax bracket. This provides an opportunity to think about Roth conversions and how you tap your savings can add much money later. It is a tremendous opportunity, as is the opportunity in which you claim Social Security.

The concept I want to introduce to you next is to not just think about your federal tax bracket. I want you to think about your marginal tax rate. That's the tax rate of the additional dollar that you take out of an account. I'm going to use Social Security and Medicare as our examples now.

A paper that I wrote in the *Journal of Financial Planning* was a concept that we introduced around the tax torpedo is an update to a paper written in 2013. What happens with Social Security is that it uses a calculation called provisional income. Provisional income is a variant of MAGI – modified adjusted gross income – and we put a little "PI" next to it because it's different from the modified adjusted gross income for Medicare.

Now, at this point, you're like, "Oh, my gosh, Bill's gone crazy." These tax calculations matter, so you've got to get into the details. Provisional income is half of your Social Security and tax-exempt interest and your modified adjusted gross income, which is everything in your AGI except for the taxable portion of Social Security. The thresholds for a single person, which is the example here, are \$25,000 and \$34,000.

Single, \$30,000 in Social Security Benefits: Marginal Tax Rates Based on 2018 Tax Brackets

(Provisional Income = MAGIPI + 0.5*SS + tax-exempt interest. In general, MAGIPI = everything in AGI except taxable portion of SS benefits. Provisional Income thresholds \$25,000 and \$34,000. Standard deduction = \$13,600)

Singles	Couples	Part B	Part D	Additional annual premiums
≤ \$85K	≤ \$170K	Standard Premium (SP)	Plan Premium (PP)	Couples taking Parts B and D
\$85K to- \$107K	\$170K to \$214K	SP + \$53.50	PP + \$13.00	\$1,596
\$107K to \$133.5K	\$214K to \$267K	SP + \$133.90	PP + \$33.60	\$4,020 (+\$2,424)
\$133.5K to \$160K	\$267K to \$320K	SP + \$214.30	PP + \$54.20	\$6,444 (+\$2,424)
>\$160K	>\$320K	SP + \$294.60	PP + \$74.80	\$8,865.60 (+\$2,421.60)

So, what we've done is shown what the tax bracket is for every level of MAGI PI corresponding with the amount that Social Security will be taxed. You can see that at the first levels (10%), I add in 50% of my Social Security being taxed. That additional dollar causes \$0.50 more of Social Security taxation, so you're not in the 10% tax bracket, you're in the 15% marginal tax rate. This is the real rate that you're going to experience. I look at it as you need to look at all the elements that impact your retirement plan.

Now you can see if that I'm in the 12% tax bracket on my return, 50% of Social Security is taxed, so again, that one additional withdrawal from a tax-deferred account is going to be taxed another 50% of Social Security, so that 12% tax bracket is really an 18% marginal tax rate. You can do the math as \$1.00 times 12% times 1.5. That gets you to 18%.

You can see that this keeps going up and peaks at the 22% tax bracket. Now you've moved from 50% of your Social Security being taxed to 85%, so that additional dollar gets another \$0.85 of your Social Security taxed. You're now not in the 22% tax bracket; you're in the 40.7% marginal rate. So be careful how you're managing your withdrawal sequence because what we show in our software is that it's easy to change your sequence or a claim for Social Security with a withdrawal sequence where 40% is being taken out instead of what you think is 22%. I see tons of advisors just focus on the tax bracket, which is the mistake.

Now, note that in 2026, we're going to flip back to the old tax regime, so the top of the torpedo under the old rates is 46.25%. Experiencing a marginal rate of 40.7% or 46.25% is punitive if you don't coordinate when you take Social Security with your withdrawal sequence. What we're

trying to do is make sure we withdraw in a way that we're not going to get torpedoed.

Now, another question that always comes up is advisors say to me, "Hey, all my clients are rich. They're all going to be taxed at 85%." I would say flat out that I do not believe that to be true. Now, there are a lot of wealthy people that will already be at the top range, and this won't apply to them. We see many cases where you have a lot of money, but we can change the withdrawal sequence to put them in a lower-tax situation, especially right after they retire. We see this in families that have up to \$3 million. So, again, make sure you're doing this assessment so you're not torpedoing your client's Social Security.

Medicare Premiums and Withdrawal Strategies

Medicare premiums are based on a tax calculation, and we talk that MAGI MED – modified adjusted gross income for Medicare is AGI plus tax-exempt interest. It's a little twist compared to what we just said. Essentially what happens is that for every threshold level, your premium goes up. These thresholds – based on your Modified Adjusted Gross Income – really start to get pretty high.

Let's look at couples. If you go \$1 over \$170,000 of MAGI MED, you can see that your premiums go up precipitously per person by almost \$1,600 a year. If you go \$1 over \$214,000, your premiums now go up to \$4,000 per person per year. There are huge increases.

2018 Monthly Medicare Premium Levels Increase as 2016 MAGImed Increases (MAGImed = AGI + tax-exempt Interest)

Singles	Couples	Part B	Part D	Additional annual premiums
≤ \$85K	≤ \$170K	Standard Premium (SP)	Plan Premium (PP)	Couples taking Parts B and D
\$85K to- \$107K	\$170K to \$214K	SP + \$53.50	PP + \$13.00	\$1,596
\$107K to \$133.5K	\$214K to \$267K	SP + \$133.90	PP + \$33.60	\$4,020 (+\$2,424)
\$133.5K to \$160K	\$267K to \$320K	SP + \$214.30	PP + \$54.20	\$6,444 (+\$2,424)
>\$160K	>\$320K	SP + \$294.60	PP + \$74.80	\$8,865.60 (+\$2,421.60)

So why am I talking about this? I'm back to a tax bracket. Advisors and other software people are starting to look at Roth conversions or withdrawing to a different bracket. What I'd say is you can go to the top of a bracket, but then really have a problem that you've gone over one of these

thresholds. I'll tell you – you would probably get fired by your client if you do this perfect Roth conversion to the top of a bracket but increased their premiums by 6,000%. They're going to find that out, so make sure that you check Social Security as you're doing your withdrawal sequence.

How Delaying Social Security Adds Longevity to Portfolio

This topic combines some of my research. It still just blows me away – the additional value we can provide just looking at Social Security and that withdrawal sequence. Let's look at those two dimensions and one example. Agnostic of the size of the portfolio – how much your client has saved – we can add a lot of value. The value is going to be different, but we can add value.

First, let's focus on the additional longevity Social Security brings for a single person. I'm going to use the example of someone single whose primary insurance amount – that's the amount they get at full retirement age – is \$2,200. Assume that person has \$250,000 of savings and they start Social Security early, and their spending is \$31,800. Essentially their portfolio is going to run out after 25 years.

Size of Portfolio Affects Additional Longevity from Delaying Social Security Benefits

Size of Fin Portfolio	\$250,000	\$500,000	\$750,000	\$1,000,000
CW SS at 62&1mo	25 years	25 years	25 years	25 years
CW SS at FRA	32+ years	28+ years	25+ years	25+ years
CW SS at 70	38+ years	34+ years	28+ years	25+ years
Tax-Eff WD & SS 70	38+ years	36+ years	31+ years	29+ years
Annual Real Spending	\$31,800 (\$2,650/mo)	\$43,500 (\$3,625/mo)	\$55,200 (\$4,600/mo)	\$66,300 (\$5,525/mo)

Let's keep going down the rows. If this person delays until full retirement age, you can see that their money is going to last seven more years. The question is why is that? By delaying, they would be winnowing down their savings, paying out of savings until Social Security kicks in, but the additional amount that you would get out of Social Security means that we're withdrawing less later on. That's why we're getting more.

You can see on the next row down that if this person delays until 70, you can make the portfolio go from 25 years to 38 years. Again, this is the takeaway in our research in the *Journal of Financial Planning* that said that for people who have not saved enough, actually claiming Social

Security to get the most out of the system adds the most value.

Now let's jump over to \$750,000 column. Starting early – the portfolio lasts 25 years. Delaying to full retirement age is late 25, but added value, and then 28 years. So, we added a three-year delay to Social Security and get 13 more years out of the portfolio. You can see that for a \$1 million portfolio, we are adding a little bit every year, but on a percentage basis, it's not as much.

Now, let's bring in the withdrawal sequence. Back to the person with \$250,000. For someone that doesn't have as much in savings, we couldn't add as much value from that withdrawal sequence, but you can see that it goes up as you become more affluent.

For someone that had \$500,000, we took the conventional wisdom with Social Security that we could add over two more years of longevity, and at \$750,000, we went from 28 years to 31. Again, if you went to your clients and said, "Hey, I can make your money last three years longer by drawing down," your clients are going to be pretty happy. In that affluent case, it would be another four years. These two things together really make a big difference.

Key Takeaways

- The decumulation methodology is different from accumulation. Don't think the two are similar.
- The two ingredients of just looking at Social Security with the withdrawal sequence add a ton of longevity over the conventional approach.
- Be careful – tax brackets are not the marginal tax rate.
- You can torpedo Social Security and Medicare. Make sure to look at the marginal rate, not just the bracket.
- Make sure you choose the right income threshold. Know that you may need to have two or more sequences based on the clients with whom you work.
- Also, finally, here's the bad news: There's no one-size-fits-all. You need to do the work to figure out what's best for your clients. Typically, that means showing them different strategies side by side.

If anyone is interested in a more technical view than what was covered here, please look [us up in the public domain](#) or feel free to reach out to me. Our [Social Security Strategies book](#) has sold over 50,000 copies, and lots of people enjoyed that if you want more technicalities on those strategies.

About William Meyer, CEO, Retiree, Inc. and Social Security Solutions, Inc.

William (Bill) Meyer, CEO, Retiree, Inc. and Social Security Solutions, Inc., is a nationally recognized expert in retirement income withdrawal strategies and Social Security claiming strategies. With Dr. William Reichenstein from Baylor University, he developed Income Strategy and Social Security Solutions, the leading retirement income management and withdrawal software for financial advisors, IncomeSolver.com.

Bill's robust research is recognized for identifying the sub-optimal nature of the conventional wisdom currently used to create withdrawal strategies and solving the gap in retirement income with a tax-efficient withdrawal strategy that is proven to extend portfolio longevity by up to a decade.

Bill has been the featured speaker at national events, and recently spoke in front of a Senate Committee regarding improving Social Security. He is a former Trustee of the Securities Industry Institute at Wharton and holds multiple securities licenses.

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