

LifeMapSM



"LifeMap is a navigational tool to help you on your path towards personal and professional success. Our belief is that you can achieve a more rewarding career, a more productive organization and a more enjoyable and abundant life."

March 10, 2009

This Week's Message:

**A Retirement Reality
Check.**

Paths Forward

**Tired of boring
meetings??**

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A Retirement Reality Check.

I have come to the conclusion that much of the news media is one big echo chamber. I observe little original reporting in the new world of infotainment. Where once journalists dug

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deep and competed vigorously to get the big "scoop" ahead of their competitors many now simply repeat over and over what they have heard someone else report. With a false sense of urgency created by today's 24-hour news cycle half-truths, rumor and innuendo easily find their way from the tabloids into what were once respected sources of useful information.

This would be a minor annoyance if it weren't for the fact that many of us rely on the media to help us make important decisions. Hearing something "on the news" (often re-run every few minutes) lends a credibility that is often not deserved. News stories written with a negative slant to enflame emotions (e.g. fear, uncertainty, anger) rather than inform with helpful facts contribute to a "conventional wisdom" that is often out and out wrong. But easy to repeat taglines are heard over and over again at water coolers, coffee machines and loading docks wherever you go. And, given current economic conditions, much of what we are hearing these days about retirement is depressing, frightening or just plain wrong.

Which of the following gloom and doom statements have you heard someone say lately?

- "The way things are going I'll never be able to retire."
- "Social Security won't be there for me."
- "I'll have to work until I'm 90."
- "I'll never have the million dollars they say we'll need to retire."
- "If I get laid off before I retire no one will hire an older worker like me."
- "I'll never get back what my retirement account has lost."
- "My company has a mandatory retirement age but I won't have enough saved to retire by then."

The reason most untruths are so powerful is that they often contain a tiny kernel of truth. And this slim portion of truth is all that is required to generate a sensational sound bite whose goal is to lead the evening news or hit the front page. Thus, if your sole source of retirement planning information is the news media you might believe all of those gloom and doom statements from above, be rightfully scared to death and never get a full night's sleep again.

So if you can't depend on "conventional wisdom" and don't want to surrender to media hype where do you go for help to realistically plan for a healthful, engaging and enjoyable retirement? Here are some ideas.

Paths Forward

• **How much money will you need?** Obviously no financial formula for retirement will work for everyone. The real answer depends on a number of variables. Will you work, at least for a while? Will you travel? Will you engage in expensive hobbies? What will the inflation rate be and how will it affect your savings and investments? Where will you live? Well before embarking on this journey you need to compile a lot of data on your own to fill in the blanks in your personalized retirement equation. This takes time so start **now** doing such things as consulting with a career expert, discussing proposed retirement activities with your spouse or partner, and tapping the expertise of your financial and insurance advisors.

• **You Still Want A Formula.** Okay but just remember my admonition about "conventional wisdom". Many experts and articles say that to retire you will need 70 - 80% of your working income. Maybe that's a good place to start your retirement financial planning. But it doesn't account for a lot of personal variables such as:

- Is your mortgage paid off?
- Are you planning to move, "down size" or retire in place?
- What kind of other debt are you carrying?
- Will your financial needs really decrease by 20 - 30% if you plan on doing extensive renovations, traveling the world or expanding your recreational activities?
- Oh - and here's a big one - how long will your retirement last? No one likes to consider their demise but your insurance person has an actuarial table at which you should take a good hard look.

• **The Hype About Social Security.** Both major U.S. political parties have a vested interest in a certain amount of fear mongering around the topic of Social Security. Political reality suggests that the program will not be allowed to fail, will not completely run out of money, nor will it be completely privatized. Choosing when to take one's social security payments is, again, a personalized decision with which you could well use some sound, financial advice. Yes, you can start collecting at age 62 but it will reduce by 20% what you would have received at your "normal" retirement age. As part of earlier "reforms" normal retirement is no longer fixed at 65 but moving upwards to age 67 (and future increases are likely). There is an option to hold off collecting benefits until age 70 - when you would receive

76% more each month than if you started collecting at age 62. Nice to know your government has a calculated bet that you'll die before collecting it all eh? Here is a good place to tap the expertise of both your physician and insurance advisor. (Note: The LifeMap community has members in 12 countries some of whom may not know that the closest thing the U.S. has to a national pension program is called Social Security, which provides a basic but important retirement subsidy for most retired Americans based on earnings in their working years. A declining number of Americans have employer sponsored pension programs and growing numbers must now self-fund their retirement plans.)

• **It's Not All About Money.** How one funds an enjoyable and engaging retirement is certainly an essential issue. But many people confuse *saving* for retirement with *planning* for retirement. There is more to retirement than just the financial aspect. There is an essential need to plan for health concerns and a host of other concerns including marital needs, extended family needs, plans for social engagement, recreational interests and spiritual growth among them. My ongoing research in this area thus far indicates that there are five psychological stages in the retirement process and that there are seven elements in most successful retirement plans. From time to time I address these topics here in LifeMap. If you want to access relevant articles you can go to www.drpaulpowers.com, click on LifeMap Archive and scroll down through an extensive list that includes:

11/6/08: Planning On Working Longer?

10/21/08: Retire As A Happy Couple,

10/23/07: Pack Your Parachute Now,

7/24/07: The "God Forbid" List,

3/6/07: Considering Early Retirement?

7/11/06: Don't Bowl Alone,

and a host of others that relate - in one way or another - to having an engaged and enjoyable retirement.

While you're visiting the LifeMap Archive look to the right and you will see a downloadable PDF "Retirement Resources" which you can use to help in your retirement planning process. Check back to this resource from time to time because I regularly update and add to it with books, periodicals and web sites that I have found useful as I help others plan for the kind of engaged, healthful and enjoyable retirement I wish for you.

LifeMap is about finding and using resources and tools that can help you plan for a retirement that can genuinely be "the time of your life".

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<http://www.drpaulpowers.com/speakingschedule.html>

Resources

Someone you know job hunting or thinking about it?

To order the best, concise, all-round job changing guide available. *"Winning Job Interviews: Reduce Interview Anxiety, Outprepare the Other Candidates, Land the Job You Love"* by Dr. Paul Powers, click the link below.

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Sincerely,

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