

For Your Benefit

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Why 70 is the new 65 for retirement

Age 70 is becoming the new target retirement age in the U.S. Half of all workers age 60 and older plan to retire at age 70 or not at all, a recent survey by CareerBuilder found.

Given the longer lives Americans can expect, working longer is inevitable. During the last half of the 20th century, the number of years in retirement expanded dramatically, due to people living longer and retiring earlier. According to a report by the Stanford Center on Longevity, the average period of retirement increased from eight years in 1950 to more than 20 years in the early 21st century.

But we can't just keep adding the extra years of life to our retired years, so planning to work longer is a realistic goal. And there's evidence that most Americans will enjoy a health status that could enable them to continue working well into their 70s.

In addition, working longer is a good option (and maybe the only option) for aging workers with meager retirement savings, for a number of reasons:

It enables you to delay starting Social Security benefits, which significantly increases your expected lifetime payout and improves the financial security of your surviving spouse if you're married.

You might receive health insurance from your employer at a reduced cost, compared to the cost of buying it on your own. Working can help maintain your health, particularly if your employer offers a wellness program. You might enjoy valuable social connections that research shows help enhance your health and well-being.

However, unless you take steps to maintain your ability to continue working, delaying retirement may be more of a hope than a realistic strategy. These steps include maintaining your health, keeping abreast of new career opportunities, updating your job skills and refreshing and updating your job network.

For workers who are fortunate to have significant retirement savings, working longer provides a double financial boost, allowing your savings to grow for more years while reducing the number of years in retirement that you'll rely on your savings for living expenses.

According to CareerBuilder, 42 percent of surveyed workers think they'll need at least \$500,000 in savings for their retirement. Almost one-fourth of respondents reported that they would need less than \$500,000 in savings.

Let's look at one example that shows the impact of delaying retirement from age 65 to 70 for a married couple, both age 65, who have that \$500,000 in savings. Let's also assume that the primary wage-earner makes about \$75,000 per year. Using Social Security's quick online calculator, this couple's combined worker and spousal Social Security annual income increases from about \$29,400 to about \$45,200 by delaying the start of Social Security benefits to age 70.

Buying a low-cost, fixed-income annuity often generates the highest amount of initial retirement income, compared to other retirement income products. If this couple were to buy a 100 percent joint-and-survivor annuity at age 65, their annual income would be about \$28,000 per year, according to annuity payout rates from Income Solutions. Now let's assume their savings earn 3 percent per year from age 65 to age 70, they make no additional contributions between age 65 and 70, and instead they buy the annuity at age 70. Given all that, their estimated annual income would be about \$36,000 at age 70.

In this example, delaying retirement from age 65 to age 70 increases their total retirement income from \$57,400 to \$81,200, illustrating the viability of a downshifting strategy for workers in their early 60s who've accumulated some retirement savings.

In order to keep working yet give themselves some more free time, they may be able to reduce their hours or income to the level that just covers their living expenses until they retire, enabling their financial resources to grow until age 70.

Nobody said it would be easy to live a long time, so you'll want to explore all of your options to make that happen. After all, working longer sure seems like a better option than that other retirement strategy: dying sooner.



Alcohol Awareness Month

Each April since 1987, the National Council on Alcoholism and Drug Dependence, Inc. (NCADD) has sponsored Alcohol Awareness Month to increase public awareness and understanding, reduce stigma and encourage local communities to focus on alcoholism and alcohol-related issues.

With this year's theme, "Connecting the Dots: Opportunities for Recovery," the month of April will be filled with local, state, and national events aimed at educating people about the treatment and prevention of alcoholism, particularly among our youth, and the important role that parents can play in giving kids a better understanding of the impact that alcohol can have on their lives. Local NCADD Affiliates as well as schools, colleges, churches, and countless other community organizations will sponsor a host of activities that create awareness and encourage individuals and families to get help for alcohol-related problems.

Our Theme: Connecting the Dots: Opportunities for Recovery

Alcohol and drug use by young people is extremely dangerous both to themselves and to society and is directly associated with traffic fatalities, violence, suicide, educational failure, alcohol overdose, unsafe sex and other problem behaviors, even for those who may never develop a dependence or addiction. Adolescence is a time of heightened risk-taking and as alcohol and drugs enter the picture, parents are faced with a unique set of challenges. They can simply sit back and hope their kids will "get through it," or they can take an active role in learning about alcohol and drugs and helping their kids do the same.

It can be daunting to talk with children about drinking and drug use, but it is well worth the effort parents put into it. In fact, research has shown that kids who have conversations with their parents and learn a lot about the dangers of alcohol and drug use are 50% less likely to use these substances than those who don't have such conversations.

"Alcohol and drug use is a very risky business for young people," says Andrew Pucher, President and CEO of NCADD, "and parents can make a difference. The longer children delay drinking and drug use, the less likely they are to develop any problems associated with it. That's why it is so important to help your child connect the dots and make smart decisions about alcohol and drugs."

An integral part of Alcohol Awareness Month is AlcoholFree Weekend (March 31-April 2, 2017), which is designed to raise public awareness about the use of alcohol and how it may be affecting individuals, families, and the community. During this seventy-two-hour period, NCADD extends an open invitation to all Americans, young and old, to participate in three alcohol-free days and to use this time to contact local NCADD Affiliates and other alcoholism agencies to learn more about alcoholism and its early symptoms.

