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Talk with financial planner before deciding to retire

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If John Phillips had it to do all over again, he might not have taken an early retirement from Xerox Corp. in December 2006.

Only 60 at the time, the former project manager got a year's severance pay to retire early from the company that had employed him for 38 years. If he had waited a little longer, he still might have been laid off, as many of his colleagues were in early 2007. But those people got both the one-year severance package and unemployment insurance, he said.

The extra insurance might have come in handy when the economy started tanking in 2008 and Phillips' retirement funds started decreasing in value.

Still, with constant communication with a financial planner, Phillips and his wife, Margaret, made some adjustments and so far have been able to weather the economic storm. And even as clouds were gathering in late 2008, Maggie Phillips retired from her job working for a real estate lawyer. They figured John's Social Security payments, which kicked in when he turned 62, would be more than the modest income Maggie was earning. Plus, they'd finally have the freedom to visit their two grown children — both six hours away — whenever they wanted.

More and more people seem to be deciding to work longer for economic reasons these days, whether they stay on the job they've had for years, or, like Phillips, retire from a long-held job and then look for part-time work that will provide some income and accommodate a more laid-back lifestyle.

JoAnne Sims, who manages the Bridge Employment Services program at Lifespan, said she's seeing more people over 50 who are looking for help finding a job after either being laid off or retiring.

"When they see they've lost so much, it makes them feel so insecure," Sims said.

Financial adviser Michael A. Masiello of Greece said the insecurity many older workers and recent retirees are facing may be partly of their own making.

"I only put part of the blame on the economy," Masiello said. "If you have good cash flow discipline and savings discipline regardless of market conditions, you'll be fine."

He said many people go into retirement with unrealistic ideas about how much they can spend, how much it costs to retire and how much income they can expect their investments and savings accounts to generate.

"A lot of people had been looking at the stock market to bail them out of bad habits," Masiello said.

Now that the stock market isn't as lucrative as it once was, many people need to re-evaluate their projected income and expenses for retirement. There is no magic formula, Masiello said, because each

person's needs and assets vary, but a rule of thumb suggests that to retire on an income of \$50,000 a year, you'll need \$1 million in retirement savings. For \$20,000 a year, you'll need \$400,000. That doesn't include pension and Social Security benefits.

"In theory, they should be talking with their financial adviser *before* making the decision to retire," Masiello said. The Phillipses did that, meeting with their adviser quarterly and preparing their own spreadsheets of post-retirement scenarios.

Interactive Web sites are available to project retirement income and expenses, helping people answer the question of whether they have enough money to retire.

"If the answers aren't pretty, or the answer is no, we certainly want to get that information before they retire," Masiello said. Workers or even recent retirees can make adjustments, taking on a part-time job to generate more income, or postponing or avoiding expenses to keep the outflow of money down.

The Phillips, for instance, postponed a vacation and the siding of their house.

Masiello said people may have to take a hard look at their spending habits. "You *need* transportation, but you *want* a brand-new car."

Similarly, they may need to start a job search. Agencies such as Lifespan and RochesterWorks can help tailor a job search for people of retirement age.

John Phillips spent his first two years in retirement trying to figure out what he wanted to do for work post-retirement. He explored writing children's books and magazine articles in classes but ended up rejecting those as later-career paths. Through networking groups and job counseling, he winnowed down the passions and strengths that he wanted to explore in later life: writing, helping people and training.

Just recently, he started teaching a job search class at the Veterans Outreach Center, working two hours a week. The job touches on all his goals: he writes his curriculum, he is helping people and he is providing training. He views it as the first step in a new, more flexible career.

"If things go south again, I want to be established in something," Phillips said.

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Additional Facts

Resources

To help answer the question of how much money you need to retire, check out this financial planning template provided by the American Association of Retired Persons: http://assets.aarp.org/www.aarp.org/_cs/elec/postponingretirement.pdf.

AARP also provides a financial calculator at www.aarp.org/money (click on "retirement calculator in the upper left corner.)

For help with a post-retirement job search, consider Lifespan's Bridge Employment Services classes. The next orientation is Wednesday from 1 to 3 p.m. at Lifespan, 1900 S. Clinton Ave. Call JoAnne Sims to register at (585) 244-8400, ext. 475, or e-mail jsims@lifespan-roch.org.
