

**What You Need to Know Before You
Consider Retirement, Even When the
Economy Is Weak.**



**"How to Put Everything In Order, When
You Exit the Door - Forever!" ...**

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Resources

What is a 401(k) plan?

The 401(k) retirement plan is funded by employee contribution and a matching employer contribution. The major feature of the plan is that the contributions are taken from pre-taxed salary. The fund accumulates tax-free until it is withdrawn. Most businesses and tax-exempt organizations can create these retirement plans.

The 401(k) takes its name from the IRC (Internal Revenue Code) of 1978. The operation of the 401(k) is administered by the EBSA (Employee Benefits Security Administration) of the Department of Labor.

The 401(k) plan has a lot of advantages. First and foremost is that the employee can contribute pre-tax money that reduces the tax paid in each paycheck. Also, the company contribution and any growth in the fund is free of tax until withdrawn.

The compounding of the fund during a 20 to 30 year period is quite amazing. The employee has a lot of control in the direction of the future contributions. When the company matches your contributions, it adds something extra on top of your own money. All money in the plan can be moved from one company to another unlike pension.

The 401(k) plan is protected by pension laws since it is a personal investment plan. It includes protection from garnishment by creditors but not from domestic cases that include child support.

There are some disadvantages in the 401(k) plan, it is hard to get your 401(k) contributions before age 60 (59 1/2 to be exact). The 401(k) is not insured by the PBGC (Pension Benefit Guaranty Corp). Also, the company contributions do not kick in until a certain number of years of service have been given. The

rules state that company matching contributions must either be a 3 year 'cliff' plan (100 percent after 3 years) or a 6-year 'graded' plan.

Employees participating in a 401(k) plan have many options for investment. In most cases a listing of mutual funds. The mutual funds usually include money market fund, treasuries, stock funds and bond funds. Some plans may include investing in company stock and US Savings Bonds. The employee gets to choose how the savings is invested. The employee can also choose at any time to stop contributions.

Financial advisers usually say that the average 401(k) contributor is non-aggressive in terms of their investment options. Stocks have historically outperformed other types of investment, since the 401(k) is a long term investment it should be able to minimize the stock fluctuations.

The Benefits of Continuing Care Retirement Community

People nowadays have already realized the importance of saving for the future, especially for their retirement. This is because when they reach their retirement age, all they have to do is to relax and enjoy life together with the financial benefits that they themselves have tried to save little by little.

That is why, when it comes to retirement and the benefits that can be derived from it, people should take the matter seriously.

Because of the growing trend in retirement issues and programs, one area of retirement is gradually taking the limelight. This is known as the continuing

care retirement community or the CCRCs.

Continuing Care Retirement Communities are consistently gaining some recognition because of the features and benefits that retirees get from them.

To know more of the CCRC, here is a list of the benefits that a retiree can derive from them:

1. Continuing Care Retirement Community provides various housing projects and selection for their members. With a wide variety of choices, people are opting to choose a house that will correspond to their lifestyle and personality.

These housing privileges are not just mere housing projects, in which likes of them are usually made from low-quality materials. However, those that were provided by CCRC, the houses are surely apt for the family. In addition, these are, indeed, low cost houses.

2. The CCRC also offers optimum security, specialized services, and support to their residents. In this way, people who live in the area have peace of mind because they are surrounded by tranquil setting.

Moreover, in CCRC, people are entitled to enjoy three stages of care made available within the context of the Continuing Care Retirement Community.

3. The CCRC have programs that are always available (round-the-clock) to their customers. This means that the residents or their customers can readily avail the services that they need, in which all of the services are all focused on

the well-being and health of the people.

No wonder why more and more retirees are aiming to obtain their new homes from the CCRC. Surveys show that approximately 625,000 elderly people are planning to have their own houses through this program.

4. The agreements stipulated therein are all stated in the contract. That is why retirees are more than secure because they will know that the things that they have worked for will not just go to waste.

CCRC is another way of enjoying life's simple pleasures after working so hard all their lives.

Early Retirement: What You Should Know

For many reasons, more and more people are opting to retire at an early age. The growing trend for the retirement is based on the fact that people are enticed to retire early than continue working and wait until they reach their retirement age of 65.

In fact, most of the surveys conducted in the United States asserted that 60% of the respondents would love to retire at an early age.

In reality, there are many benefits that people can derive when they retire early. However, there are also many consequences that result from early retirement. What they do not know is that early retirement has the potential

of bringing more problems than reaping in benefits and advantages.

Here is a list of some of the reasons why retiring early can be a pretty risky activity.

1. Not in accordance with the regulations of Social Security

When people will retire at an early age, there is a great possibility that they cannot immediately obtain their Social Security benefits. This is because according to the rules and regulations of Social Security, anyone who is born after 1938 will have to wait longer than their retirement age of 65 before they can get their benefits.

Hence, early retirement may only contribute to a negative upshot if the older people's finances were not managed properly and the only thing they expect to help them are the Social Security benefits they can get.

2. If people who took early retirement get sick, they cannot acquire some Medicare benefits.

This is because the age when people can get their Medicare benefits is when they already turn 65. Hence, if they are hospitalized and they have already filed for their early retirement, they have to obtain the necessary amount of money in order to cover the expenses in the hospital without Medicare.

3. Penalty charges apply to those who retired early and had withdrawn their IRAs early.

For people who would like to retire at an early age and wish to obtain their IRAs, they have to face a hefty 10% penalty charge.

Moreover, experts contend that the nest egg of people who wish to retire early is only 80% of what they should be getting when they retire at the age of 65.

The bottom line is that early retirement is, indeed, a personal choice and preference of an individual but one must consider the factors that may affect their life in the end.

Financial Planning for Retirement: For Worry-Free Retirement

Planning can be a tedious activity especially if you are planning for retirement. Many people realize how advantageous financial planning for retirement can be while others find it mysterious.

In fact, most experts say that for people who are only making enough money to make due payments in each month, then it means that they should start contemplating on how they can still make money even if they are already retired.

Surveys show that almost 75% of the American population is earning enough money to pay their monthly bills. This means that they do not have any extra money to put in a bank or in any financial institution that could provide them enough profit after their retirement.

What's more Social Security is not enough guaranteed income for retired people to live on. Actually, it is still a big question if one's Social Security will still exist when the retirement day comes.

Hence, it is extremely important to generate some methods that will provide an individual a reasonable amount of money in the future. This should be done regardless of how much an individual earns, the important thing is to start saving today.

1. Visualize and calculate

It is important for a person to visualize his or her own situation after retirement. Then, you can calculate how much money is needed to live on after retirement. Furthermore, people need earnings that compensate 75 % of the present amount that he or she is expected to take home.

2. It is important to seek the help of a financial planner or any person competent in financial planning.

By asking for advice from the experts, you will be able to gain more knowledge know how to proceed for you situation. These people are proficient and knowledgeable in all kinds of financial planning and they can provide the most feasible and workable approach for your individual needs.

3. Get rid of loans, debts, and other financial obligations in as little time as possible.

By simply paying off all debts, loans, and other financial obligations in a shorter period of time, you can realize a substantial amount to invest for that retirement. A good financial planner will know exactly how to direct you so you can meet your retirement goals.

How to Make Hard Decisions About Your Seniors

Are you making a life-changing decision such as:

- choosing a retirement community**
- deciding which nursing home is best for your wife or husband**
- providing good home health care for an ailing mom or dad**
- selecting treatment for a loved one with Alzheimer's Disease**

If so, you probably feel many emotions: anxiety, anticipation, fear of change, and more.

Suppose you are choosing a nursing home for your spouse or parent -- perhaps for one of your children. You may very well feel guilt, depression, fear of criticism, and fear of being resented. You may even be aware of your own resentment at fate for putting you on the hot spot.

How can you make good decisions in the face of your emotions? Let's think

about decision making.

Everyone is always making decisions -- countless decisions! Many are practically automatic, like what to eat or wear, or how to squeeze into a parking space. But others take more thinking, more time, and more information.

Decisions get harder the less we know about the subject, or the more we have to worry about consequences -- sometimes important and permanent consequences. Especially hard choices that will make you very happy or unhappy (if you only knew which)!

Perhaps the hardest decisions are the ones affecting the happiness and well-being of someone you love.

How can you best make such decisions?

**One good way is to ask, "How did I deal with other hard choices in my life?"
For example:**

- changing jobs**
- moving away from family, friends, and familiar surroundings**
- coping with a serious illness in my family**
- divorce or death**

In addition to reviewing your past decisions, here is a formal process you might find helpful.

Answer the following five questions:

- 1) What are your problems?**
- 2) What solutions will you set as goals?**
- 3) What are the facts?**
- 4) What is your plan?**
- 5) How did the trial work out?**

1. WHAT ARE YOUR PROBLEMS?

List your problems and concerns about this decision. It's best to list them all.

Don't do it alone. Definitely don't isolate. Describe your challenging situation, particularly the problems and puzzles. Then ask one or more others to do the same -- a friend, your adult children, or other family members.

In this soul-searching, one or more specific, critical issues will usually come to light.

- You may find that you are mixed up and fearful when you try to answer the following questions: How is my health? How can I get into more social activities? Why don't I have enough significant relationships?

- Or you could be concerned about your senior parent, who forgets to eat properly, bathe enough, or take his or her medicine as prescribed.

- Perhaps you are confused about what care-giving services are available for you and your family.

Usually, lack of issues is not our dilemma, but you need to define each of your problems carefully.

2. WHAT SOLUTIONS WILL YOU MAKE YOUR GOALS?

Once you define your problem, you need to develop solutions for them. These don't have to be completely detailed. They can be situations that you adopt as goals.

For example, in response to the problem of your senior parent who forgets to eat properly, bathe enough, or take his or her medicine, you could determine that he or she needs daily monitoring and personal care by some trained person.

The caregiver might come daily to your parent's home from a nursing agency, or the care might be given by the staff of a nursing home where you have placed your parent.

It will be your goal to arrange for some particular form and place of monitoring and personal care.

You may need help in shaping and pursuing these detailed goals. This help can come from family, friends, health experts, and support groups. However, in the end you have to do the goal setting yourself.

Once you've set your goals, you can focus your energy more efficiently. Also, everyone involved will have a better understanding of what changes to expect, and how soon.

3.WHAT ARE THE FACTS?

You must do opened-eyed research as you create a plan to achieve your goals in the real world.

This is vitally important! At this time in your senior's life, his or her income is apt to be limited (and yours probably is, too). Your margin for error is small. Good research is absolutely necessary.

Suppose, for example, that you are considering putting an older loved one in a nursing home. How can you make a well-informed plan?

First and very important: throughout your decision-making process, involve the person who will be placed in the nursing home. Doing this can make or break the success of your project.

Remember, too, that it's best to do this research and planning well before the patient actually needs to be placed in a home.

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