

1. The Computer (Especially valuable for the home confined & the hearing. impaired)

Email:

Web: Access from home Wesleyan library newspapers and scholarly journals with

EZProxy Login: <http://www.wesleyan.edu/libr/php/iadtbl.php?list=full>

Web Access JStor and articles in the multitude of journals it contains from first issue to the “moving wall” with <http://wd5ka5yq6f.search.serialssolutions.com/>

See also the *Briefs* of the Center for Retirement Research, Boston College:

http://crr.bc.edu/briefs/making_your_nest_egg_last_a_lifetime.html

http://crr.bc.edu/working_papers/how_much_is_enough_the_distribution_of_lifetime_health-care_costs.html

<http://crr.bc.edu/briefs/index.php>

2. Life Expectancy, years – but don’t plan on it

	At birth	At age 65	2000	2010
Female, dob 1935	74.30	19.41	19.41	12.41
Male, dob 1930	66.09	16.13	13.02	7.58

Source: <http://www.ssa.gov/OACT/STATS/table4c6.html>

Note: Life expectancy of those in the upper half of the income distribution is 4 or 5 years longer than those in the bottom half.

For more information: <http://www.cdc.gov/nchs/fastats/lifexpec.htm>

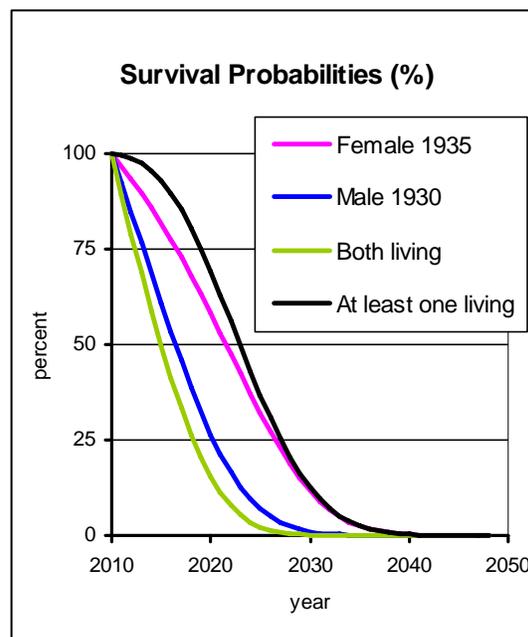
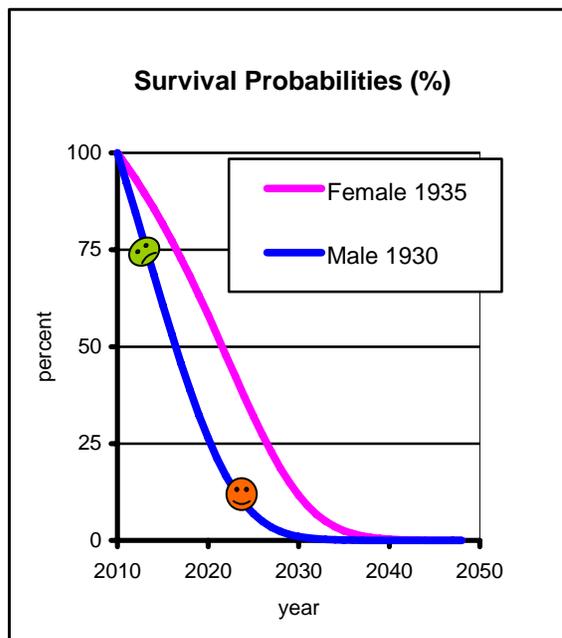
Calculate *your* life expectancy (cum grano salis):

<http://gosset.wharton.upenn.edu/mortality/perl/CalcForm.html>

and/or http://moneycentral.msn.com/investor/calcs/n_expect/main.asp

3. Longevity – Plan on Uncertainty (derived from, SSA age cohort life tables)

http://www.socialsecurity.gov/OACT/NOTES/pdf_studies/study120.pdf



Planning under uncertainty: Prepare for both a short life and a long life; provide enough for emergencies and end-of-life care; provide for heirs.

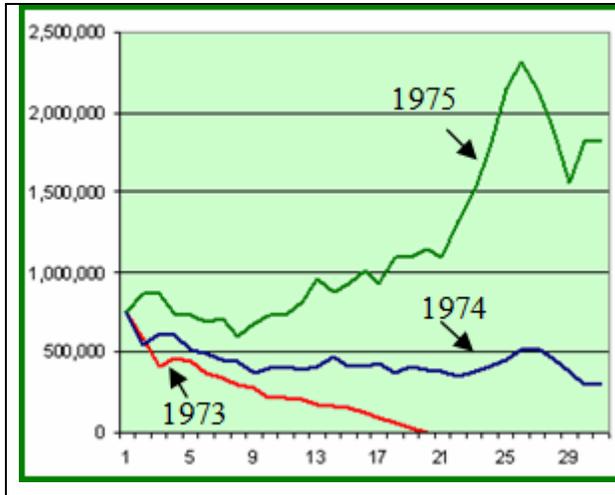
4. Family Net Worth (i.e. assets minus liabilities)

	Mean (average)	Median (middle)
65 to 75 years old	1,015,200	239,400
75 years old and older	638,200	213,500

Note: Half of all families have net worth below the median

<http://www.census.gov/compendia/statab/2010/tables/10s0705.xls>

5. How long will your money last:



Averages don't tell you much at all. Retire in the early 1970s, starting with \$750,000 and taking out \$35,000 (= 4 2/3% of wealth) each year, and *on average* you'll do just fine. But that average of 4 2/3% is meaningless.

Shown here are the year-end balances of three identical portfolios. One started spending in 1975 (green), another in 1974 (blue), and the third in 1973 (red). So much for relying on averages! <http://www.firecalc.com/index.php>

You need a *spending rule* that will minimize the pain of adjusting to adverse stock market movements, inflation, etc.

Twin retirement perils: Will we leave money on the table or will we outlive our assets?

Inflation protected life annuity: Example - Social Security

6. Financial Planning

Vanguard: <https://personal.vanguard.com/us/whatweoffer/advice/certifiedfinancialplanner?Link=facet>

Three places to find a *fee-only* (no commissions or kickbacks) financial planner near you:

[National Association of Personal Financial Advisors](#),

[GarrettPlanningNetwork.com](#), and/or the [Alliance of Cambridge Advisors](#).

Must See: Jane Bryant Quinn:

http://bulletin.aarp.org/yourmoney/retirement/articles/do_it_yourself_financial_freedom.html

7. Health Links

Medicare Nursing Home Guide, Department of Human Services, Medicare:

<http://www.medicare.gov/NHCompare/include/DataSection/Questions/SearchCriteriaNEW.asp?dest=NAV|Home|Search|Home%20Page#TabTop>

The only five-star nursing home near Middletown is Pilgrim Manor: 52 Missionary Rd Cromwell, CT 06416

MedlinePlus: National Academy of Medicine <http://www.nlm.nih.gov/medlineplus/>

EMedTV: <http://www.emedtv.com/>

Please let me know about other useful links. I will place an updated version of this handout on my webpage: MLovell@Wesleyan.edu\Longevity

8. Life Annuity Examples:

The AARP advertises a Cash Refund Immediate Life Annuity with refund paying \$775 each month for life that costs \$100,000. That is \$9,300 a year, or 9.3% of the purchase price. If you die before receiving the full \$100,000 the difference is refunded (for your money lenders and heirs, you can't take it with you). This annuity is not indexed for inflation.

Vanguard offers an inflation immediate indexed annuity, the payments being adjusted each year in proportion to changes in the Consumer Price Index.

The AARP annuity is provided by the New York Life Insurance Company; it pays a royalty to AARP. The Vanguard policy is provided by AIG (American International Group) Life Insurance Company! Fidelity says that the annuity "contract's financial guarantees are solely the responsibility of the issuing insurance company."

Insurance Companies issuing life annuities are subject to adverse selection. People who believe they are exceptionally healthy are more likely to buy annuities, which means that the expected life of those who buy the annuities is longer than for the general public. This would make life annuities a losing proposition for any insurance company that does not charge a higher rate than suggested by a straightforward evaluation of mortality tables.

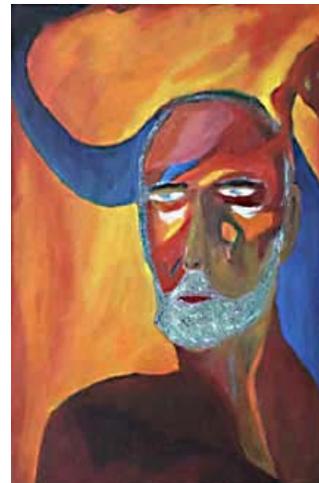
Social Security is the best available life annuity! It is indexed for inflation. But if you postpone receiving benefits until 70 your monthly check will be substantially more than it would be if you retired at 62, but you get fewer checks..

9. Do something different

Example: Julius Margolis (self portrait at right) had a very successful career as a Professor of Economics – he supervised my MA thesis in 1953 and, 15 years later, Richie Adelstein's PhD dissertation. On retirement he dropped economics, changed his name to Jules Margolis and became a practicing studio artist. My reason for mentioning Jules Margolis is that he took a very different mode of retirement from mine. He dropped economics and took up painting.

Consider doing your own thing!

<http://www.socsci.uci.edu/~jmargoli/statement.html>



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