Good afternoon and thank you for standing by. At this time all participants are in a listen-only mode. After today’s presentation, we’ll conduct a Question and Answer session.

To ask a question you may press *1 on your touchtone phone. Today’s conference is being recorded. If anyone has any objections, you may disconnect at this time.

I’d now like to turn the conference over to the host for today’s conference call.

Ms. Tricia Dwyer-Morgan, you may begin.

Welcome to our webinar today, and we are so glad you’re here with us. The title of today’s webinar is “Catching On to Retirement.” If you’re here as part of the Wi$e Up call, you are on the correct call.

This call is being co-sponsored by the Business and Professional Women’s Foundation, the US Department of Labor Women’s Bureau, and BPW/USA.

I’m just going to go briefly over some quick housekeeping items, and then I will introduce our moderator for today.

As you’ve already heard, we will be recording this webinar for educational purposes. The recording will capture the audio portion only. The PowerPoint
and other resources will be made available for downloading at BPW Foundation’s website, as well as our co-sponsors’ websites.

During the presentation you are on mute. You will have an opportunity to ask questions in a couple of ways during the Question and Answer session.

At the time the Q&A opens, the operator will tell you how to get into the line for the audio questions - to ask it verbally. If you prefer to ask the question in a typed version and have our moderator actually ask the question, on the top left-hand side of your screen you’ll see a little bubble. It’s a little Chat bubble.

Whenever you click there, you can type in [a question] and people will be able to answer your question.

So thank you again everyone for being on our call today, which is “Catching On to Retirement.”

Wherever you are in your career and whatever your wage, there’s something that you can do to plan for your retirement. We have a great group of speakers today, and I’m going to start actually by introducing our moderator.

Pam Krueger is Executive Producer, Co-Anchor, and creator of the National Public Television MoneyTrack series. With a passion for economics and the stock market, Pam worked as a stockbroker for nine years before leaving her day job to become a full-time television reporter and producer.

Pam was a co-anchor and a segment producer on ABC TV’s Emmy Award-winning program *Marketplace* in San Francisco, as well as on KGO-TV’s newscast, and co-anchored and produced TechTV’s *The Money Machine* during the technology boom in the late 1990s.
Pam was also a reporter for the Emmy Award-winning PBS series *Money Moves*.

I’m now going to turn the conference call over to Pam Krueger.

Pam--

Pam Krueger: Hello, everybody. Thanks, Tricia, and welcome.

The first thing I want to say is this is pretty cool technology -- the fact that we can chat, we can ask questions, we can see what you have to say at the same time we’re speaking. So it’s just a matter of coordination, so bear with us. This is kind of new.

Our program today is called “Catching On to Retirement.” We’re going to be dealing with the challenges and the issues related to retirement planning that working women absolutely need to know. We’re also going to focus on solutions because that’s why we’re here.

Now we all realize we all want to retire someday. Retiring means something very different for each of us, but we all seem to have something in common today, and that is we want to walk away today with a plan.

Now during the registration process we asked some questions about you and how secure you feel about the future, and it turns out the vast majority of you who are here today are very motivated to develop an action plan for retirement, and we almost all realize that starting early in the game is the best possible plan.
But at the same time, most everybody here feels intimidated, and most admit that they have not calculated how much we really need to have saved; and I put myself in the boat with everybody else as far as being intimidated.

We’ve designed today’s program to address these concerns, and we’re here to focus on the solutions. We’re going to answer your questions about Social Security today.

We’re going to hear from experts who will give concrete action steps that you can take away, but first let’s set the stage a little bit.

We know that we’re all going to live longer -- meaning, women -- than our grand -- well, meaning men too -- than our grandparents or even our parents, and we know that women will spend more years in retirement than men, because women outlive men.

So meanwhile on the employment front, we also know that there are traditional old-fashioned pension plans that are basically disappearing as younger women come into the workforce. That means that more and more of us have to rely on our own savings than ever before.

So these are some of the challenges and then you add to that the fact that none of us can predict medical bills. What will medical bills be in the future? That is another huge concern we have to face.

And the fact is when a woman becomes widowed or if she becomes widowed, women receive only about a third of the Social Security benefits that a couple would get.
So how much do we really understand about investing for retirement, which is a very necessary part of the process that we’ll talk about today a little bit later on in the program?

MoneyTrack, the show that I produce, and the Investor Protection Trust, who sponsors the show, recently conducted a survey that suggests that only one in every 100 of us truly understand what it takes to invest our hard-earned money for a secure retirement.

That’s one in 100, and that’s a scary statistic considering that so many of us kind of consider ourselves to be investors.

Okay. If you take all of this backdrop, all of the setting, everything I’ve just described, it sounds pretty dismal, but the fact is today we’re going to hear from speakers, as they come up in just a few minute here, and we’re going to learn that the real picture isn’t as scary.

Whatever your wage, there is something you can do. Whatever your age, there is something you can do. If you’re fortunate enough to have a career and a plan in place, even just a simple plan, you will probably be able to stop working one day and retire on your own terms.

So there, we’ve gotten the bad news out of the way. What I want to explore further today are the solutions and things that we can do.

So the key here is don’t be afraid to face these challenges. Facing these challenges and these hurdles is half the battle. So the approach that you take to a retirement plan is a step-by-step, one-foot-in-front-of-the-other process. And having a very clear picture of what you expect your retirement is going to look like is one of the keys. It’s one of those very first steps.
We’re going to hear about that a lot more today.

Now you might see on your screen… and this is where we’re going to show the poll questions that we’ve got to ask of you while I’m talking. We would really appreciate it. Tricia, if you want to put any of those poll questions up we were talking about. There they are right there.

If you could take a second to answer those questions. They’re very relevant to what we’re going to cover today; and at the end of the program I can read back the answers. Okay? So you can just do that as I’m talking.

Now let me bullet through some of what you can do at different ages and different stages, just to get you inspired. A very, very first step to retirement planning is getting a really clear visual picture of what you expect your retirement to look like.

For example, do you expect to see yourself summering in the Mediterranean? You know, jetting around? I don’t think so. Maybe you see yourself in a comfortable condo that happens to be nearby a lake. How’s that? Something a little bit… absolutely just as beautiful, but certainly nowhere near the expense.

You might, you know, be able to wait until the off-season to travel a little bit. You can make these adjustments later in life, but the idea is what do you expect to do when you stop working?

If you just visualize a typical day there in the future, how much does that day really cost you? What’s your mortgage, where are you eating, et cetera?
If you can get a handle on what you feel your lifestyle is going to cost you, then you can figure out how much each year in your retirement you’re going to be spending -- what that retirement is going to cost.

And there’s a formula that’s coming up that we were going to cover a little bit later; but these are the very, very, very first steps. It’s just visualizing.

Now we talked about this on a recent episode of the program MoneyTrack that’s on PBS stations right now; and in the audio clip that you’re about to hear, David Bach, author of *Start Late, Finish Rich*, describes some of the process that I’m talking about. And Tricia, if you could cue that clip.

**Interviewer:** …just about to stop working for good. How does that person determine whether he or she can truly afford to retire?

**David Bach:** The first question that I ask anyone that says they want to retire is, what does retirement look like to you? What are you going to do that first day of retirement?

But more importantly, what are you going to do the first year in retirement? And let’s go out three years from today. If you retire today and I get together with you three years from today, what will you be doing? What will a typical day be like? Where will you be living?

And then we have to work backwards, because we have to know what kind of a life you want to have in retirement, and then we can really start focusing on what will that cost.

Now once you’ve done this, you’ll have a pretty good estimate of what your new lifestyle is going to cost you each year. And by the way, this is a mental
exercise that you should be doing one or two years before you stop working, not the day before.

Interviewer: Now David, are these new retirees going on spending binges after they leave the working world?

David Bach: We see people spend more money that first, second, and often third year. Now by the third year expenses do tend to go back to normal because most people have gotten a lot of this out of their system the first 18 months after retirement.

Pam Krueger: Well that’s good news. We’re not going to spend as much after the third year. We go kind of crazy. This is what the trend is in retirees who are newly retired and very healthy, and doing things they want to be doing.

They tend to go out and blow money the first two years, but by the third year they get sort of settled into a routine, and that routine has a cost associated with it, and that’s pretty much what you’re going to be spending the rest of your life. Obviously, medical bills are the big, big mystery there.

You don’t know that. You can’t predict that. All you can do is be as prepared as you can be, but the point is once you know what you’re realistically going to need to live on each year -- say it’s $30,000 a year -- you’re already at that point way ahead of the game, because you already know what you’re likely to spend out of your savings, and your 401K, and your total investments.

You’ll be able to see how much total savings you really need to have in order to fill… in order to last you, and you’ll be able to see where you have gaps.
So in other words, when you really make the necessary adjustments, then you can really get a clear picture and some confidence around the shortfalls and what you can do to plug in those holes.

So it’s all just a formula.

So in addition to figuring out how much of your own savings you’re going to have saved -- and we call this critical mass -- then the next step is going to be figuring out how much you’ll be able to withdraw from those accounts each year and not run out of money.

All I’m doing is describing the overview of some of the steps and I’m not getting into the details. I’m just sort of getting you ready for understanding the steps involved.

There will be some Social Security, obviously, and we’re going to hear from Diana on that front in just a couple of minutes. But the main thing I want to be able to get across is that retirement planning plus knowledge -- that knowledge is knowledge of the steps, starting with the visualization of what your retirement is going to look like -- equals power.

We’ve all heard that phrase “Knowledge equals power,” and it really does apply more than ever when it comes to the retirement picture. You know how much it’s going to cost you because you know what it’s going to look like.

That helps you and leads you to how much you’re going to need, and then the fun part -- how much will you be able to spend of that savings on a yearly basis in order to enjoy that lifestyle without running out of money?

So now [that] we’re starting to ask the right questions, we have to get the answers. I’m trying to lead you to getting to the right questions.
So most people--most people in retirement--when they think about spending the money that they have saved, there’s a rule of thumb that experts use that says don’t spend in any one year more than about 4 to 5% of the total amount that you have saved.

So tapping 4 to 5% of your savings every year in retirement is a widely used rule of thumb for spending after you stop working. That’s just something to keep in mind when it comes to thinking about that third step -- how much can I spend?

The best thing you can possibly do is figure out your own spending rate. To get a handle on that, again, you’ve got to go through these steps -- the visualization, how much is it going to cost you, how much do you have to have saved to be able to afford that, and then how much can you withdraw every year?

But by taking the time to do this, then a lot of the mystery gets taken out of the process. This is where the knowledge puts you in the driver’s seat and takes at least some of the anxiety out of the ride.

So again, this is a summary of the planning process -- the approach to the steps that you can start taking today -- and no matter what your age, you’re going to find out if you’re short on funds or if you’re not, and you still have time to make some adjustments.

So if knowledge really is power, let’s tap into the minds of some of the best experts in the retirement field.
Today we have Jerry McCarthy--he’s a licensed CPA, Diana Varela,--she’s with the Social Security Administration, and Jonathan Pond, nationally recognized personal finance author.

Let’s first toss it over and hear from CPA Jerry McCarthy.