Pam Krueger: I do want to get to the Q&As as quickly as possible, and the best way to do that is to let you know that you can either chat your questions in by typing them right in that little chat window, or you can… if Tricia, you can help me with this.

Is it… the way to ask a question audio-wise is how, would you tell us once again?

Tricia Dwyer-Morgan: Actually, the operator is going to come on and let you know how to handle the Q&As if you’d like to ask the question yourself on the phone, and as Pam indicated, you can also use the bubble to type in your question and to have Pam ask the speakers.

And Pam, you should see on your screen now the presenter’s screen that allows you to see the bubble.

Pam Krueger: Yes, I do. Okay. So I can see that, and I also want to… at the same time, not to confuse things, in a couple of minutes I’m going to want to go back around and get some answers to the poll questions that we asked earlier and read those and see what the responses are since the beginning of this call.

But right now what I want to do is wrap up with the three takeaways, right, as we’re waiting for the questions. Okay?

And this is the three takeaways we’ve gotten out of today’s presentation.
Retirement planning is a process that starts with gathering all of the information - information from all the sources that you’ve heard from today.

Where are you going to get the income for the future? How much is it going to cost you to be able to arrive at that? In other words, just pulling together all the different sources -- Social Security, your savings, your investments, et cetera -- gathering the information.

And as Diana pointed out, looking at that, adding in what you might likely get from Social Security benefits; seeing where the shortfall is.

And then as Jon pointed out--and Jonathan has pointed out so well -- we have to invest between now and the time we’re going to retire, not stick the money under the mattress, not turn a blind eye away from our 401K plans and what we’re doing with those plans.

We have to approach it as a whole. The whole issue is a planning process step-by-step, and those… these are all descriptions of some of what goes into these steps.

So what I want to do right now is be able to invite questions. Do we have any questions?

Tricia Dwyer-Morgan: Pam, if you go to the… scroll down to the bottom of your chat screen, if you click on the tab with the balloon and scroll all the way down to the bottom, you’ll see there’s actually a number of questions that have already been input for you.

Pam Krueger: Okay.

Tricia Dwyer-Morgan: There’s Margaret Soderquist.
Pam Krueger: Okay. Do you want to read that one?

Tricia Dwyer-Morgan: Okay. You can’t read it? Okay. I’ll take it back.

You mentioned - those on the call mentioned not taking out more than 4-5%…

Pam Krueger: 4 to 5%?

Tricia Dwyer-Morgan: 4 to 5% from the retirement funds. That depends on when you retire - the age of when you retire. Could you speak a little bit more about that and what do you think about the role of living benefits in retirement planning products?

Pam Krueger: Okay. Let me answer the first part first real quick because we’re so short on time.

What we mean by the 4 to 5%, this is a rule of thumb that gives you a snapshot of--once you’ve accumulated [your retirement savings] and you figure it out--all of what you have to accumulate through your investments between now and the time you retire. Then you’ve got that money. Picture it sitting in a big, big bulk, like in a big circle. Now you have to tap into that.

The reason that experts say 4 to 5% a year, no more, is because you’re going to need 4 to 5% of your total savings [to live on]. You don’t want to spend it all, but your investments are still earning and growing in that big bubble - in that big balloon.

Therefore, you should expect that they should be able to be growing at a rate of about 4 to 5% a year.
So this is a very rough rule of thumb of a way to tap into that money, but not be at risk of spending it all.

Jonathan, do you have anything to add to the 4 to 5% question?

Jonathan Pond: Yes. And it also… the 4 to 5% allows you to keep up with inflation throughout your lifetime without having to worry about running out of money.

And the living benefits are a new kind of annuity that’s being offered that is quite popular, but it’s also the kind of product that you… you have to be a little careful of because they have a lot of fees associated with them, and you certainly don’t want somebody to convince you to put a lot of your nest egg into one of these annuity products with the so-called living benefits.

I had a woman call me on a talk show recently, and I followed up afterwards. It was interesting. She had a 401K rollover, and the commission that the agent would have received, had I not talked her out of putting this into an annuity, which would tie the money up for 10 years, the commission was $110,000.

Pam Krueger: Wow, wow.

You know we are so out of time, and we’re going to have to kind of continue much of this online, and Tricia’s going to put up that poll question…

Tricia Dwyer-Morgan: Okay, and….

Pam Krueger: …that we had at the beginning.
Tricia Dwyer-Morgan: And we may have a couple of minutes here. You’re actually doing pretty good for the questions so…

Pam Krueger: Okay. Great. Great. You might want to… you can read that question if you want to, Tricia, to give us a good sense of what was asked at the beginning and how it was answered.

Tricia Dwyer-Morgan: Well, if you want to. I’ll put up… I think there’s one last poll question that somebody had wanted to ask, so I’ll do that now; and if you want to, check your e-mail.

I actually e-mailed you the results of the question.

Pam Krueger: Okay, all right. Again, we’re trying to do 10 things at once.

The next question would be the most important… from participant questions.

Tricia Dwyer-Morgan: I think the next question is for Diana, is… could you speak to the question of if a woman wants to retire and take her own Social Security or share her spouse’s?

Diana Varela: Hello. Yes.

In regards to getting Social Security benefits as a spouse, it will really depend upon if that amount is going to be greater than receiving Social Security benefits on your own Social Security number.

That is something that can be determined by using one of our calculators, as a matter of fact. And the rate of benefits that we will pay to a spouse will be an amount equal to 50% of what the worker is able to get at full retirement age.
Pam Krueger: That’s very helpful.

Tricia?

Tricia Dwyer-Morgan: How should people with low incomes and no pensions or 401Ks at work save for retirement?

Jonathan Pond: Oh, I love that question because it’s a very common one.

The key issue is to start small and save regularly. It’s really kind of unfortunate that you’ll hear people say, “Well, you’d better save $25,000 a year for retirement or you’re going to be spending your golden years under the golden arches.”

I find so many people who start out very small - 1%, 2% - they get addicted to it. They like the notion of putting money away.

So start putting away a very, very small portion of your income with the intention of growing it later on. And the first thing to put it into is an IRA if you don’t have a plan at work.

And thanks - such a great question.

Pam Krueger: It sure is, and we love anything that’s tax deferred because all the money that would’ve gone to Uncle Sam in taxes instead goes into your retirement until the time you start to take it out.

Let me just interrupt for a second here and ask the question… read the question and then give you some answers.
At what age do you plan to retire was one of our poll questions at the beginning, and we have the majority of respondents planning to stop working - at least working for money - at 66 or older.

Interesting, Diana, Jerry, Jon?

Diana Varela: That’s pretty cool.

Jonathan Pond: Oh, that’s actually… that is, among baby boomers we have only about one-third planning to retire at 65 or earlier. So this is a trend, and what’s interesting, some of you may have answered the question [that way] because you don’t think you can afford it [to retire earlier].

It turns out that most people want to continue working simply to… because they like their jobs, and it’s not like you’re going to, you know, pack it in. At 66 you’re still vibrant, and I can say one thing. I’ll just give you a very quick statistic.

[If] you delay retirement by one year, you’ll be able to increase the amount of income you can enjoy the rest of your life by 10%; increase it by three years, 25%; work five years longer, 40% more income for the rest of your life.

Pam Krueger: That’s powerful. That is incredibly powerful, Jonathan. That’s something that I think that we are all realizing right now…

Jane Walstedt: Pam.

Pam Krueger: That delaying the retirement age is really magic.

Jane Walstedt: Pam, this is Jane. I found it interesting that the next highest number were those 55 to 59 -- those planning to retire at 55 to 59.
Pam Krueger: Yes. I was just going to point that out.

Jane Walstedt: That’s why I think Diana’s chart of when you’re eligible - at what age you’re eligible for full Social Security retirement benefits--is important. It’s important for people to know.

Diana Varela: It’s very important for people to know when your full retirement age is. You can plan to continue working until that time and even beyond because you know it’s a fact that when you work beyond your full retirement age it does not matter any type of income that you have in regards to wages [your Social Security benefits will no longer be reduced by any amount you earn above the annual limit].

Another fact that Jerry was pointing out too--we are living longer and healthier lives, so people continue enjoyment at their work, you know, beyond full retirement age.

Jonathan Pond: That’s right, and it’s surprising to me that 75% now roughly are collecting Social Security early, because that has an enormous impact later on in life.

As a matter of fact, I just finished a book that will be coming out in December called *Grow Your Money*, and I have a chapter which will, I think, attract a lot of wrath among those who collected early, where I just flat out say it is a mistake to collect Social Security early.

Even if you’re retiring at 55 or 58 or whatever, think about the financial implications of collecting Social Security early.
Pam Krueger: That’s a great point, but I wonder about the people who are talking about retiring at 55 to 60. Are they talking about stopping work that they love doing, or stopping working for money?

There’s a big difference because you could go and finally do something in your retirement years, if you’re healthy, that you’ve always wanted to do and earn money doing it. Maybe it’s less, but it’s enough to help you put off and postpone Social Security benefits. You know?

But getting back around to some of the things that we’ve summarized here, Jerry has pointed out so well that we have to invest aggressively -- not high risk, but aggressively -- to stay ahead of inflation; and I love the way Jonathan has pointed out that every year we can put off the idea of kicking back and taking money out [of Social Security], we will exponentially increase the growth of our big huge nest egg simply by compound interest.

Jerry McCarthy: Pam.

Pam Krueger: And that’s huge

Jerry McCarthy: Pam, this is Jerry. Can I interrupt real quick?

Pam Krueger: Absolutely.

Jerry McCarthy: I think another important thing, in 10 minutes--each of us had allocated approximately 10 minutes of our time--I think the one thing - obviously being a younger individual myself - for a lot of these individuals or listeners today is understanding and not being afraid of investments.

And I think that’s something I see every day in my real-life practice is not being afraid to invest. And as I said, with proper diversification, it could do
some wonderful, wonderful things, and we could literally have an hour and
hour-and-a-half …

Pam Krueger: Just on that.

Jerry McCarthy: …feature a webinar just on that topic as well.

Pam Krueger: That’s right.

Tricia Dwyer-Morgan: This is Tricia. I hate to interrupt this great conversation. We are
getting close to wrap-up time, and we have a lot of really terrific questions.

So I have the capacity to save these questions, and if the speakers are
amenable, I can send them out to them, and those that can answer will give a
short answer, and we can post them on the website next week along with all of
the other materials so…

Pam Krueger: That’s a great idea.

Tricia Dwyer-Morgan: …they can see the answers to your questions.

Pam Krueger: That is a great idea.

And with the wrap up, what I’d like to say - this is Pam - I would like to just
leave everybody with the message that what I’ve gotten out of this today is
that facing it and dealing with it without being afraid of it - the big “it” in the
future - collecting all of the unknowns, gathering all the information, and then
approaching it as a step-by-step process, taking into consideration all of what
we’ve heard today, will empower us to be able to see clearly what we need to
do.
And what we need to do, worst case scenario, might be working another five years, and God willing, we’ll be healthy enough to do that.

And I want to thank everybody for inviting me to participate today and thank everyone else who participated on the call.

Certainly Diana, Jerry, Jon Pond; and I’m going to turn it back over to Jane now because we’re running out of time.