RETIRE FREE

FIVE STEPS TOWARD LIVING
YOUR BEST RETIREMENT

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Advantage®

Preface

In 1979, my father made a comment at the dinner table that changed the course of my life. He was a former Marine drill instructor and a Korean War combat veteran. As you might imagine, when he spoke, I listened.

After the war, he began a career in financial services. I remember one evening at dinner my mom asking him how his day went. With a big smile and great enthusiasm, my dad told us how a client had called him that afternoon to thank him for the advice my dad had given him over the years. The man told him this advice helped him and his family feel "tremendous peace of mind and sense of security" regarding his recent retirement. My dad went on to explain that this gentleman had worked very hard his whole life to provide for his family, and now, because of the advice my dad had given him, he was going to be able to enjoy his retirement years with no reduction in lifestyle and no fear of running out of money.

My dad used this opportunity to teach his four children a very valuable lesson. He told us: "The key to finding happiness and fulfillment in life is to help other people get what they want. If you only try to get what *you* want, you will end up being miserable and unfulfilled.

Helping others is the secret to true satisfaction and happiness in life."

Those words had a profound impact on me. Even though I was only a sophomore in high school, I made the decision right then and there to follow in my dad's footsteps. It seemed like the perfect profession to practice what he was preaching. If I could help others find security, comfort, and peace of mind in their financial lives, then I would be able to attain those same feelings for myself. I immediately began learning everything I could about finance, economics, markets, investments, and taxes. Not many of my friends were reading the *Wall Street Journal* at fifteen years old, but I had found something I was truly passionate about.

In 1988, I graduated from the University of Massachusetts Isenberg School of Management with a bachelor of science degree in business and finance. After graduation, I immediately began a career in the field I had already been studying for years. I've been a professional financial advisor for more than twenty-five years now and have not lost my desire to help people retire successfully.

I decided to write this book because over the last several years I have noticed that it has become more and more difficult for people to achieve any type of financial security in retirement. It seems like there is more confusion than ever, and I wanted to bring some clarity to the situation and simplify the process for people who are looking to get the most from their retirement.

It is my belief than an unfortunate combination of economic, demographic, and geo-political circumstances is creating the most challenging time to retire in a generation. The result could mean lower government benefits, higher taxes, fewer pensions, and increased market volatility for years to come. I can't think of a time in my twenty-five-plus years of helping people retire when the dream of a long and comfortable retirement was harder to achieve.

Baby boomers experienced unprecedented peace and prosperity in the ’80s and ’90s as the stock market boomed and the future looked bright. During this time of great gains in the stock market, defined benefit pension plans (which guaranteed retirees a lifetime income annuity) were slowly replaced by 401(k) plans, which were mostly invested in stock and bond mutual funds. No one seemed to mind too much back then that pensions were going away, because everyone was making so much money in the stock market. Investors just wanted to be able to continue to invest and enjoy double-digit returns in their 401(k)s.

Then came September 11, 2001—a time when the economy was already on shaky ground—which left us with a ten-year period that is now referred to as the “lost decade” in the stock market. In addition, retirees saw the major indexes lose up to 50 percent or more of their value on two separate occasions over that same ten-year period. I saw firsthand the suffering caused by the trillions of dollars that were lost in IRAs, 401(k)s, and other retirement assets during this “lost decade.” And one of the things I learned during those tough years was that retirees who had enough consistent, steady, and reliable income were much happier and at peace than retirees relying too heavily on withdrawals from stock market-based investments. One of the problems today is that very few American workers are fortunate enough to have a traditional pension that will provide an acceptable level of consistent and reliable guaranteed lifetime income. Today, you are really on your own when it comes to figuring out how you will provide yourself and your family with an income you will never outlive.

The decisions you make regarding when and how to retire will have a significant impact on your quality of life and your sense of well-being in retirement. It has been my experience that many capable and successful people make these decisions without a full understanding of all their options and the long-term consequences of their choices.

One of the things I have found in helping people retire is that I get to witness firsthand how hundreds of these retirement stories turn out. I've seen a lot of happy retirement stories play out for families and I've seen some sad stories play out as well.

What I have done in developing the Retirement Freedom Solution is distilled all this knowledge, experience, and wisdom down to five key steps that, when followed, can act as a tax efficient blueprint and can help you to simplify your financial life and get the most out of what you've got.

Spending with confidence in retirement is one of the primary benefits families enjoy when following the five steps of the Retirement Freedom Solution. The key to making this plan work long-term is being able to spend with confidence regardless of the economy, whether we are in a bull market like the one in January 2018 that saw the Dow Jones Industrial Average close above 25,000 points for the first time in history, or a bear market like the one from 2008 to 2009 that saw the Dow Jones Industrial Average lose over 54 percent of its value from a high of 14,164 in October of 2007 to a low of 6,443 in March 2009. This example of market risk was a truly devastating event in the financial lives of millions American families preparing for and living in retirement.

Having a comprehensive written strategy that addresses the five most critical areas of your financial life is your best defense against the risks that threaten your financial security in retirement.

One of the most important lessons I have learned from families who enjoy fulfilling and successful retirements, regardless of the economy, is that having a comprehensive written strategy that addresses the five most critical areas of your financial life is your best defense against the risks that threaten your financial security in retirement. More importantly, having a comprehensive written strategy that addresses your biggest risks and opportunities is also your best offense when it comes to achieving the best retirement outcomes for you and your family.

The Retirement Freedom Solution

I am on a professional mission to help as many families as I can avoid the many risks they will face in retirement and help put them in a position to confidently enjoy retirement to the fullest. I know how hard you have worked to accumulate what you have, and I have made it my life's work to show you how to get the most out of what you've got. I have drawn on my quarter century of experience assisting hundreds of families make these critical decisions to develop a comprehensive step-by-step retirement planning system I call the Retirement Freedom Solution.

With some careful planning and some advanced strategies normally reserved for the privileged few, many hard-working families can work toward having a more secure and stress-free retirement.

My goal is to simplify your financial life and empower you to make smart decisions with your money so that you can enjoy the secure and happy retirement you and your family deserve. Let's get started!

Robert A. Guy,
President, RICP

Introduction to The Retirement Freedom Solution

The purpose of the Retirement Freedom Solution is to help you make smart decisions with your money. It was developed to provide you with a comprehensive, step-by-step solution to optimize your retirement income and manage the biggest risks to your retirement security.

I got the idea for the Retirement Freedom Solution based on a speech given by President Franklin D. Roosevelt on January 6, 1941, known as the "Four Freedoms" speech where he proposed four fundamental freedoms that people "everywhere in the world" ought to enjoy: (1) freedom of speech, (2) freedom of worship, (3) freedom from want, and (4) freedom from fear.[1]

I certainly would agree that people all over the world should be able to enjoy those basic freedoms. I also believe that people should be able to enjoy certain other basic freedoms when it comes to living in retirement. I designed the Retirement Freedom Solution with the

1 Franklin D. Roosevelt, "The Four Freedoms," (speech, 1941 State of the Union address, Washington, DC, January 6, 1941).

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idea of helping as many families as possible live out their retirement years with dignity, satisfaction, and peace of mind by helping them avoid the four biggest risks to retirement security and providing them with the strategies and solutions to help them get the most out of what they've got.

As such, I designed the Retirement Freedom Solution based on what I call the Retirement Freedom Bill of Rights.

The Retirement Freedom Bill of Rights

1. FREEDOM FROM THE FEAR OF RUNNING OUT OF MONEY

There is no more important retirement decision you will make than deciding when and how you will generate a lifetime of inflation adjusted income for you and your family. A combination of earlier retirements, longer life expectancies, global instability, and the elimination of traditional pensions could result in millions of boomers running out of money before running out of time.

2. FREEDOM FROM WALL STREET SPECULATION AND FEES

Wall Street charges investors billions of dollars in commissions and fees every year to speculate with their retirement dollars. For all the risk they take and fees they charge, these Wall Street firms and mutual fund companies consistently under-perform low-cost index funds.

3. FREEDOM FROM EXCESSIVE TAXATION OF RETIREMENT PLAN DISTRIBUTIONS

The United States of America has over $20 trillion in debt as of 2018, and we are adding to this debt at a staggering rate of $2 billion per day. We have made an additional $100 trillion in promised retirement and health-care benefits to current and future retirees. Washington is already starting to propose legislation to tax a larger and larger share of your retirement plan distributions.

4. FREEDOM TO REMAIN IN YOUR OWN HOME AND AVOID MEDICAID BANKRUPTCY

According to the Alzheimer's Association, 37 percent of people in the United States aged eighty-five and older are afflicted with the disease; typical life expectancy after diagnosis is four to eight years, and one in three seniors dies with some form of dementia.[2] It should come as no surprise, then, that more than one-third of your lifetime expenditures will accrue in your last few years of life.[3] One of the best ways to ensure you will be able to stay in your own home for as long as possible—and potentially avoid Medicaid bankruptcy—is to have a plan in place to deal with uninsured long-term medical expenses.

5. FREEDOM TO CREATE A LOVING LEGACY AND BE REMEMBERED FOR GENERATIONS TO COME

It should not come as a surprise that, for many of us, one or more of our children and/or grandchildren will need some financial assistance sometime in the future. It is my contention in these increasingly uncertain times that for many children and grandchildren of boomers, their parents and grandparents could be the difference between a comfortable life and a life filled with tremendous difficulty.

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2 "2018 Alzheimer's Disease Facts and Figures," Alzheimer's Association, 2018, https://alz.org/media/HomeOffice/Facts%20and%20Figures/facts-and-figures.pdf.

3 Berhanu Alemayehu and Kenneth E Warner, "The Lifetime Distribution of Health Care Costs," *Health Services Research* 39, no. 3, June 2004, doi: 10.1111/j.1475-6773.2004.00248.x].

The Retirement Freedom Solution

The logic behind my plan is rooted in math and Nobel Prize-winning research from economists like Eugene Fama, Harry Markowitz, Merton Miller, and William Sharpe—not opinions.

THERE ARE FIVE PARTS TO THE RETIREMENT FREEDOM SOLUTION:

1. The Retirement Freedom Income Plan
2. The Retirement Freedom Investment Plan
3. The Retirement Freedom Tax Plan
4. The Retirement Freedom Long-Term Care Plan
5. The Retirement Freedom Estate & Legacy Optimization Plan

These are difficult times to be retiring. The uncertainty of what will happen to our economy, our security, and our way of life is more in question now than at any other time I can remember. When you think about the major risks of people retiring today, the number one risk is longer life expectancies. Additional years spent in retirement is increasing. At the same time, guaranteed lifetime income pensions have essentially been eliminated and replaced by 401(k) and 403(b) plans, thus shifting risk from the corporation to the employee.

Today, it is the responsibility of the employee—not the employer—to make sure they save enough money in their retirement plan every year, get good long-term investment returns, and withdraw an amount from savings that will optimize income while at the same time ensuring that you preserve enough principal to last the lifetime of you and your spouse.

Today's retirees face a complex and difficult exercise in balancing assets and cash flow over a retirement period that could last thirty or more years. Add to this the fact that the United States is already faced with a $20 trillion federal debt at a time when nearly eighty million boomers will be retiring and requiring Social Security, Medicare, and other government benefits. The federal debt is projected to explode in the coming years as baby boomers age and, subsequently, require benefits and services for longer and longer periods of time.

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All of these possibilities—people living longer, deflation, inflation, fewer pensions, more 401(k) and 403(B) plans, higher taxes, non-covered health-care expenses, and skyrocketing federal debt—are converging to create a perfect storm for retirees. Having a comprehensive written financial and estate plan is your best defense to managing the unknown. The solution to minimizing these risks is the five steps, or plans, of the Retirement Freedom Solution. Taken together, these five plans form the Retirement Freedom Solution: a program that is designed to show you how you can generate increased cash flow, cut taxes, and preserve and ultimately distribute your wealth to your heirs.

Step One: Be Free of the Fear of Running Out of Money by Creating Your *Retirement Freedom Income Plan.*

This plan looks to maximize your sources of guaranteed lifetime income. We want to identify the gap between your guaranteed lifetime income sources and your required living expenses. Then we want to look at potential ways to fill that gap through the maximization of Social Security income benefits and pension plan distributions options. If there is still a gap remaining, we want to make a decision as to whether or not to allocate some of your retirement savings toward additional sources of guaranteed lifetime income. It has been my experience that people end up with more security and peace of mind in retirement when they know they have at least their required living expenses covered for the rest of their lives.

Step Two: Be Free from Wall Street Speculations by Optimizing Your Investment Portfolio Through Your *Retirement Freedom Investment Plan*.

This plan employs evidence-based investing. Evidence-based investing refers to investing by taking note of research academia in the investment world, heeding the advice of Nobel Prize winners in the finance world, and implementing their findings on how to minimize risk and increase returns while investing. Evidence-based investing is diametrically opposed to following the strategies and methods of many Wall Street firms, big banks, brokerage firms, and most mutual fund companies. Their strategies rely on the ability to predict the future, which of course nobody can consistently do.

We don't want to allow Wall Street's conventional stock picking strategies to be your primary strategy when it comes to investing in the market. We want to use Nobel Prize-winning research that will help you reduce fees, reduce risk, and improve returns. This evidence-based investing strategy is the second important component of the overall plan.

Step Three: Be Free to Keep More of What You Earned Through Your *Retirement Freedom Tax Plan*.

With this plan, we want to turn taxable money into tax-free money and learn how to reduce taxes on required minimum distributions (RMD) and other pension plan distributions. We want to implement sophisticated tax reduction strategies to help you combat potentially rising future tax rates in a way that puts more money in your pocket. If you believe, as I do, that eventually taxes will have to go up substantially to pay our rapidly growing debt, then you will want to pay careful attention to this very important section.

Certain savings structures can put your money at risk of being taxed much more. Most people have their money in tax-deferred 401(k)s and IRAs. Those will all be taxed at some point in the future when you take the money out. The good news is you can do things now to help lower your tax bill later. With careful planning it is possible to put tens of thousands of extra dollars in your family's pocket instead of in the tax collector's pocket. The choice is yours, but you need to know what is available and how to implement these strategies in your unique situation.

Step Four: Be Free from Nursing Homes and Medicaid Bankruptcy via Your *Retirement Freedom Long-Term Care Plan*.

What we are talking about here is long-term health-care. We want to protect your retirement savings, your family, and your lifestyle and avoid Medicaid seizure of your assets. Early long-term health-care planning can also take the burden of tough decisions off your loved ones.

The goal of a long-term health-care plan is to protect your retirement savings so that they do not get eaten up by a long-term illness that is not covered by Medicare. Many people are not aware that Medicare does not cover most long-term care expenses and that it is Medicaid that pays these expenses once you are destitute. Proper planning is designed to help protect you and your loved ones from losing everything to a devastating process called "Medicaid spenddown." In addition, a good long-term health-care plan is your best chance at receiving care in your own home as opposed to a nursing home.

Step Five: Be Free to Protect Your Family and Be Remembered with the *Retirement Freedom Estate and Legacy Optimization Plan.*

What better way to be remembered than to leave a legacy that will have you loved, respected, and remembered for generations to come? With proper planning, you can turn a modest amount of money into a substantial inheritance with the intention of protecting your children and grandchildren from a very uncertain and unpredictable future. With proper planning and including a family "love letter" outlining your desires, you can make a difficult time easier for your family.

With some careful planning and advanced strategies normally reserved for the informed few, you can work toward having a more secure and stress-free retirement. Not only that, but if you follow the strategies presented in this program, you can potentially put many thousands of extra dollars in your pocket to help with your retirement expenses and increase your standard of living in retirement.

My goal for my clients is to help them manage retirement risks, increase after-tax cash flow, and take the money they have left and distribute it to their children and grandchildren in the most advantageous and efficient manner possible. I want to simplify your financial life by providing you with one simple solution to all the complex tax, investment, health-care, and retirement income challenges you will be facing in the years to come. The five easy steps of the Retirement Freedom Solution have the potential to allow you to spend more confidently in retirement and focus your time and energy on the things that matter, such as family, friends, travel, hobbies, charity, and anything else you may wish to see or do in this lifetime.

Top Four Risks to Retirement Freedom

1. LONGEVITY RISK—THE RISK THAT YOU WILL OUTLIVE YOUR MONEY

The success or failure of your retirement is not about your assets; it's about your income. Now this is a paradigm shift in thinking. Your whole life you have been taught that you must grow your pot of money bigger and bigger. But in the end, it really doesn't come down to how big your pile of money is, because your assets can be lost, stolen, divorced out, sued away, swindled from you, or devastated in a market crash.

The ultimate success of your retirement comes down to the answer to these two questions: (1) Do you have a plan to make sure you never run out of money? and (2) Have you taken the key risks off the table?

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There are a lot of risks in retirement. There is market risk and withdrawal rate risk. There is the risk of inflation or deflation. And there is the risk you might need long-term health-care. While all these risks exist, there is only one pertinent risk in retirement: longevity.

Why? Because longevity is not just a risk, it's a risk multiplier of all the other risks. The longer you live, the more likely the market will crash, the more likely you will take out too much money, the more likely inflation will decimate your purchasing power, the more likely you will need long-term health-care.

Today, people are living longer and longer. According to the Social Security Administration, roughly one out of every four sixty-five-year-olds at the time of this writing will live beyond age ninety, and one out of ten people will live past age ninety-five.[4] Thanks to medical innovations and increased health awareness, some of you reading this right now will live beyond the age of one hundred. In fact, centenarians are the fastest-growing age group in the United States.[5]

No matter how you look at it, Americans must find ways to support themselves for a very long time in retirement. Previous generations worked for the same company for most of their adult lives. When they retired they received a pension and Social Security that would allow them to live the rest of their lives in relative comfort. They were able to enjoy retirement without the fear of running out of money or having significant reductions in lifestyle. Most people generally retired at age sixty-five and had an average life expectancy of seventy-six years. For the most part, inflation did not have time to make a significant impact on their purchasing power. Retirees had at least two sources of income (pension and Social Security) that were guaranteed for the rest of their lives. This provided retirees with a tremendous amount of security, independence, and peace of mind throughout their retirement years. Today's retirees are faced with a

4 "Benefits Planner | Life Expectancy," Social Security Administration, accessed 2018, https://www.ssa.gov/planners/lifeexpectancy.html.

5 The Associated Press, "Centenarians are the fastest-growing age segment: Number of 100-year-olds to hit 6 million by 2050," New York Daily News, July 21, 2009, https://www.nydailynews.com/life-style/centenarians-fastest-growing-age-segment-number-100-year-olds-hit-6-million-2050-article-1.400828.

completely different set of challenges. And so, because longevity is not just a risk, but also a risk multiplier of all the other risks, it must be managed.

2. MARKET RISK—LOSING MONEY AT EXACTLY THE WRONG TIME

Many people do not realize that as you approach retirement all the rules you thought you knew about investing go out the window. As savers and investors, we are all taught that average rates of return matter. If you can get a 3 percent return, it's better than a 1 percent return. If you can get 5 percent, it's better than 3 percent. And if you can get 8 percent, it's better than 5 percent. So, we spend our entire investing lives thinking average rates of return matter. And they do—that is, until the day you retire and start pulling money out of your portfolio. At this point, average rates of return mean very little to you anymore. We are also taught that the stock market goes up and down, but over time the market always goes up. Well, that may be true, but not nearly as relevant anymore the day you retire and start taking money out of your portfolio.

Why? Because if you are unlucky enough to retire close to a market crash and you are relying on that money to generate income, it has been mathematically proven that you run an increased risk of running out of money. It is all about managing the sequence of returns and the timing of returns and not necessarily about the average of returns once you retire. What really matters is what happens to the markets in the critical few years leading up to your retirement and the all-important few after your retirement begins.

Sequence of Return Risk in Action

Imagine a scenario where two brothers, three years apart in age, both retire when they are sixty-two years old. At their respective retirement, both brothers have exactly $1 million in assets and have the exact same investments. Each year they withdraw the exact same amount of 5 percent, or $50,000, adjusted for cost of living, and live thirty years in retirement before passing away. This story ends happily for the older brother who retired in 1962 and who died thirty years later with a large estate. But, unfortunately, it does not end as well for the younger brother who retired in 1965, and who completely ran out of money twenty-two years later at age eighty-four.

How can this have happened? Everything was identical except for the year of retirement. In this case, market performance in the early years of retirement made all the difference since the older brother experienced positive returns during his first couple of years in retirement, while the younger brother suffered losses in his portfolio in the early years of retirement.

3. TAX RISK—THE RISK OF PAYING SIGNIFICANT TAXES ON RETIREMENT DISTRIBUTIONS

It doesn't really matter how much you have in your tax-deferred retirement accounts. The only thing that matters is how much purchasing power those dollars will provide.

For example, if you have $1 million in your IRA or 401(k), that does not represent $1 million of purchasing power for you and your family. You will only be able to spend what is left after taxes. If you end up paying 50 percent in taxes when you take those dollars out of your plan, you only really have $500,000 in purchasing power from that $1 million retirement account. It's the net amount after taxes that is most important to focus on when you are planning for a secure retirement.

In 2004, the federal debt was $7.3 trillion. This rose to $10 trillion when the housing bubble burst four years later. At the time of this writing, it exceeds $20 trillion and is growing exponentially with no end in sight. When you break this down to an *amount per taxpayer*, the numbers are substantial. That number has more than doubled over the past several years, rising from $72,051 per taxpayer in 2004 to $154,161 per taxpayer in 2017. As the debt continues higher, the liability of every taxpayer is also rising.

By some estimates, if you factor in all the promises the United States has made to all of its citizens in the form of benefits and entitlements, America is facing an $100 trillion liability in the coming years. Federal unfunded liabilities are catastrophic for future taxpayers and economic growth, and, as of this writing, are estimated at near $127 trillion, which is roughly $1.1 million per taxpayer and nearly double 2012's total world output.[6]

I believe tax-deferred retirement accounts, such as IRAs and 401(k) plans, will continue to be a prime target for Washington as they look to raise revenue to pay off the trillions in existing federal debt and fund future promises of Social Security, Medicare, and Medicaid for the boomers and beyond.

For many families today, a substantial portion of their savings is tucked away in their retirement plans. What most people don't realize is that one of your most valuable assets may constitute the biggest tax bill for you and your heirs.

Americans have nearly $20 trillion in tax-deferred retirement accounts including IRAs, 401(k)s, 403(b)s, and other retirement vehicles. Remember, tax-deferred does not mean tax-free. At some point the taxes need to be paid. The government, being in desperate need to raise revenue, is looking at all those untaxed dollars in tax-deferred retirement accounts as a potential gold mine.

What is tax-deferred? It's your deal with the IRS. This deal has a day of reckoning, and that day is called the "required beginning date." The IRS has been waiting all these years to get their money from you.

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6 US National Debt Clock.org, accessed September 2018, http://www.usdebtclock.org.

When you turn seventy-and-a-half, the IRS has decided they have waited long enough. Sometimes the required minimum distribution amounts can generate so much additional income it can put you into a higher tax bracket, potentially causing your Social Security to be taxed at higher rates and even sparking your Medicare taxes to increase.

If you did a good job of saving, and you still have a sizable amount in your IRA at your time of death, those dollars could be subject to significant taxes. It is your responsibility to be just as aggressive and determined to keep your money away from the IRS as they are determined to get at it. They have a plan to get your money. Do you have a specific and detailed plan to protect it?

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4. HEALTH-CARE RISK—THE RISK OF LOSING EVERYTHING DUE TO UNINSURED MEDICAL EXPENSES

I have learned that if you have just one missing piece to this retirement planning puzzle the whole strategy can fall apart. Perhaps the most neglected area of the retirement plan is planning for long-term health-care expenses. You can have a great income plan, investment plan, tax plan, and estate plan, but if you do not have a strategy to deal with the devastating costs associated with long-term health-care, the whole goal of financial independence for you and your family is at risk. It's a shame when I see a family that did everything else right with their financial plan lose everything at the end of the day because they just didn't realize that long-term care expenses could wipe out their savings in their last few years of life.

Despite the rapidly increasing need for long-term care services, and the rising costs of those services, most seniors and their families are still shocked to learn that Medicare doesn't pay for nursing homes or assisted living costs. Too many people mistakenly believe that Medicare will pay their medical expenses if they need long-term health-care. This misconception is costing retirees millions of dollars and forcing families all across America into bankruptcy caused by uninsured medical expenses. This truly is a national crisis that is being played out in the homes of retirees and their families all across America. The reality is that Medicare does not and cannot pay for most long-term care expenses.

Why are some people bearing enormous health-care costs while others have all of their bills paid by Medicare? Because Medicare doesn't cover what is called "custodial care" if that is the only kind of care you need. Custodial care essentially includes assistance with the toilet, eating, bathing, dressing, grooming, and moving from the chair or bed. It may also include assistance with oxygen, medications, insulin shots, and catheters.

When seniors are at their most vulnerable, and need the most care, our health-care system is not there for them. The Medicare program was designed to be there for all seniors regardless of their health-care needs. Instead, it has shrunk to exclude those afflicted with the most devastating illnesses—even though they paid into the Medicare system their whole lives.

Twelve Critical Questions

Before we move into the bulk of our discussion, take some time to review these twelve critical questions to consider as you read and begin thinking about your own retirement.

1. Will I have enough cash flow to live comfortably for life?
2. At what age should I begin taking Social Security?
3. Which pension distribution option should I choose?
4. What percentage of my required retirement income is guaranteed?
5. What is a safe withdrawal rate from my investment accounts?
6. Which accounts should I withdraw from first and why?
7. What level of risk is appropriate at this stage of my financial life?
8. Should I consider rolling over my 401(k) and/or pension to an IRA?
9. Is it a good idea to convert some of my IRAs to a Roth IRA?
10. What is my plan to stay home and avoid Medicaid bankruptcy?
11. What type of estate and legacy plan will I craft for my family?
12. Do I know how to get the most out of what I've got?

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