

HAPPY ABOUT® BEING A BABY BOOMER

*Facing Our
Newfound Longevity*



CATHERINE KITCHO

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“Happy About Being a Baby Boomer” Book Excerpt

Facing Our Newfound Longevity

By Catherine Kitcho

**Subset of the book brought
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A Letter to My Fellow Boomers

I wrote this book because I wanted to send a great big wake-up call to all of my fellow Baby Boomers. **We are going to live longer than we ever planned**, and there is a good possibility for many of us that we will outlive our retirement savings (a truly scary thought). That is the first major message I am sending.

The second major message I am sending is that **the time for action is NOW**. I have provided many tools and checklists in this book that will help you make the critical decisions to put your plan into place. Starting with calculating your Longevity Cost, and then examining possible sources of income, health issues, and lifestyle issues, I outline the methods, facts, and options to guide you through the process. Throughout the book, I provide both the questions and key information you will need to answer those questions for yourself and your own situation. Consider this book a resource for facing your newfound longevity and developing an action plan for the remainder of your life.

An Enlightening Journey

I learned a lot while researching and writing this book. Like many of you, I didn't think much about retirement; I thought I'd just figure it out at some point in the future, maybe around the age of 62. That point in the future always seemed so distant, but now it's less than a decade away. On top of that, there have been a great number of articles written in the last five years about

increasing longevity, and the projected life expectancy numbers were quite astonishing to me. I went from feeling rather secure with my retirement investments and savings to being really worried about having to pay for my basic cost of living for 10 or perhaps even 20 more years than I thought. Would I have to keep working the rest of my life just to be able to fund my longevity?

As I did the research, I pieced together the necessary information to answer that question for myself. I also formulated a list of decisions that I would have to make together with my husband about where we will live, the lifestyle we want, how we will spend our time, and how we'll pay for medical care.

I learned some fascinating facts (*and I had some interesting reactions*):

- You may have to pay income tax on Social Security benefits. (*What? Isn't that double taxation? When did that happen?*)
- Three months before your 65th birthday, you MUST sign up for Medicare Part A, regardless of other health insurance you may have. And you have to pay the government premiums to get Medicare Part B. (*But I thought all of that was free!*)
- Nearly half of the people in the U.S. over age 85 have Alzheimer's disease. As longevity increases into our 80s and beyond, we are at greater risk. (*Upside: greater longevity means living longer. Downside: greater chance of living a lot longer with a debilitating disease; how will we pay for care?*)
- The leading cause of death among both men and women in the U.S. is heart disease. (*Which way to the gym? I promise to go 6 days a week, really this time.*)

Rock On

I know that as Boomers we will get through this just as we got through our first four or five decades. I close with some of the fond sayings of our youth, as we ponder the new meanings they have for us now:

- Don't trust anyone over 30.
 - Don't trust anyone over 100.
- Sex, drugs and rock 'n' roll!
 - Sex now *requires* drugs (and planning), but we still can rock 'n' roll!
- Hell no, we won't go!
 - Hell no, we won't go (quietly) into old age!
- Peace and love.
 - Peace and love, for the rest of our days.

Your fellow Boomer,

Catherine Kitcho
Born on December 31, 1949

Why Should We Care?

The Domino Effect

Our new longevity affects everything that we do or planned to do with our remaining years. The good news is that we will have more time to pursue things that we always wanted to do or to travel or to live in some exotic location. With advances in medicine and anti-aging approaches, we have a better chance of living those extra years in good health. However, the downside is that we still may be faced with the same diseases that increasingly afflict our elderly now, such as Alzheimer's disease and related dementias.

The other downside of our newfound longevity is finances. None of us wants to outlive our retirement savings, but that's already starting to happen with the generation before us; their life expectancy has risen slightly as well. We will have to be able to afford the basic cost of living for a lot longer than any of us planned.

The first and primary goal is to make sure we can pay for basic living costs. We should also consider putting aside some more money in the event of a debilitating disease requiring long-term care. Then and only then can we begin to think about other things we'd like to do in our

retirement years, such as travel, education, recreation, making charitable contributions, gifting to relatives, and leaving something of an inheritance for our heirs.

It's like a row of dominos. Here is how the dominos would fall:

- You will be living much longer
- Because you'll live longer, your health care costs will increase
- It may cost more for basic living in those extra years than it does now
- Your retirement savings may be drained to pay for basic living and health care
- That leaves less or no money for travel, recreation, or education (for yourself)
- That leaves less or no money for charities, family, or heirs

Keeping the Status Quo

One might argue that this situation is no different than what we have all been doing for the last three or more decades. Whether we live our lives according to a detailed master plan or live just one day at a time, we somehow make do. We've all been through periods when our lives were up or down, and we made adjustments and just moved on.

Many of us have had severe health scares, and we have had to make adjustments to our lifestyle. One of my Boomer friends had emergency quadruple bypass surgery at age 56; another Boomer friend was diagnosed with aggressive breast cancer when she was 53. After long recoveries, both of them have made many changes in their daily lives and continue to move forward, grateful to be alive. Maybe we've lost jobs and have had to find another one, while in the meantime draining our savings accounts or borrowing money or working part-time to get by. Perhaps we've suffered tragedies when we have lost loved ones.

And I don't know anyone who hasn't dealt with family crises: divorces, separations, nasty family feuds, or estrangement from siblings or parents.

So if we've made it so far, why not just keep going on, one foot forward at a time, and take our chances that everything will work out? The simple answer is this: you are in the final chapter of your life. It may be a long chapter, but you will run out of time.

You'll have to ask yourself what you want to accomplish with the years you have left. If you have included grand plans to do the one or two things you always wanted to do in life, then that's great. However, first you have to make sure you will have enough money to continue living, and then you can pursue the other things you may want to do before you die.

The Meaning of Retirement

Many of us Boomers define retirement as something our parents or grandparents did when they reached 62 or 65. They abruptly stopped working, started drawing Social Security benefits (often as their sole source of income), pursued leisure activities or gardened or sat around watching TV, or if they were very lucky, traveled. Somehow that scenario just doesn't seem to fit Boomers, and is certainly not something that we plan to do only five or six years from now.

As the TV commercial says, Boomers may redefine retirement. But what is the new definition? The traditional meaning is a point of time when one stops working, in other words, retires from their job. What a person does with their time after that point varies widely, and largely depends on their health and financial situation. Using that definition, Boomers may not be able to retire and will have to continue working in order to pay for our increased longevity. Or maybe the new definition is that we will continue working at some level (whether we have to or just want to) and pursue other activities that we have "reserved" for our later years; in other words, a mix of work, leisure, recreation, travel, and/or education.

We may choose to receive Social Security benefits at the government-designated retirement age or defer them until age 70, and we may view Social Security benefits as just one part of our income stream during our later years. Whatever we choose to do, it changes the way we have to plan for our retirement years; we can no longer use the old models. Because of our increased longevity, we will have to find the right mix and figure out how we can support ourselves as we live out the rest of our lives.

Reality Check

We have to accept the fact that we can't just go with the flow and hope that it all works out. We must face our longevity and figure out how to pay for it and how we want to live. It will cost money to live those extra years and our health may not always be good. It's going to be a personal decision as to how comfortable we want to be and what we are willing to give up. Or to put it more bluntly, we'll have to put ourselves first and then worry about other people. If we can't afford to sustain ourselves for those extra years, we won't be able to sustain anyone else who might be hoping for a piece of the pie. That's the cold reality of this situation.

It's going to require planning and a lot of decision-making to do this. Some of you may have already thought through a plan for your retirement years, but may not have adjusted it for increased longevity. If you've worked with a financial planner or investment broker, they may have helped you develop a detailed plan with your forecasted longevity built into it.

But not everyone is as diligent; it's estimated that only 19% of Boomers have even done any retirement planning¹. There's a lot of room for improvement! Whatever your own circumstances, whether you have no formal plan or a detailed one that's in place, the remainder of this book will help you evaluate the impact of your newfound longevity and provide guidelines on how to make the decisions that will help you figure out how to pay for it.

1. "FDIC Outlook: Are Baby Boomers Financially Prepared for Retirement?", Federal Deposit Insurance Corporation, 2006. <http://tinyurl.com/oxxvv>

Longevity Brings New Risks

More than 60% of people over the age of 80 have a form of debilitating dementia. The rate of such disease is on the increase, and one of the reasons is that life expectancy has just risen. We didn't hear a lot about these diseases until recently because people didn't live that long. Now we're in a situation where the physical body is healthy and can last longer, but brain diseases like dementia can go on for many years before causing the body to shut down. That makes for a grim existence, not to mention the cost of health care and paying for a facility such as a nursing home for 5 years or more. Would you have enough money saved to pay for that possibility?

A big part of the overall longevity domino effect relates to this and other health issues. Because of our increased life expectancy, we will very likely have to live more years in declining health, even in the best of circumstances. The next chapter addresses health care trends and some of the considerations for us during the remainder of our lives.

About the Author



Catherine Kitcho has been a Baby Boomer all her life and has been fascinated by the social, political, and cultural impacts that this generation has had upon America. Catherine is currently a marketing consultant known as The Launch Doctor (<http://www.launchdoctor.com>). She is the author of three business books, a cookbook, and a humorous novel, as well as articles, humor, and short stories that reside on her writing website, <http://www.pelepubs.com>. She and her husband live in Laguna Niguel, California.

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