

# **Retirement Well-Being**

**National Pension Education Association**

**2008 Annual Conference**

**John Nelson**

**University of Wisconsin-Madison**

"A useful, practical roadmap for anyone thinking about retirement, no matter how distant." —*USA Today*

# What Color Is Your Parachute?



## FOR RETIREMENT

**Planning Now  
for the Life You Want**

RICHARD N. BOLLES AND JOHN E. NELSON



# The Retirement Planning Institute, Inc.

A Nonprofit Educational Organization

## Practical Tools for Increasing Your Prosperity, Health and Happiness

Our mission is to develop practical retirement planning materials that can help you to increase your retirement well-being.



Great Accountants

37

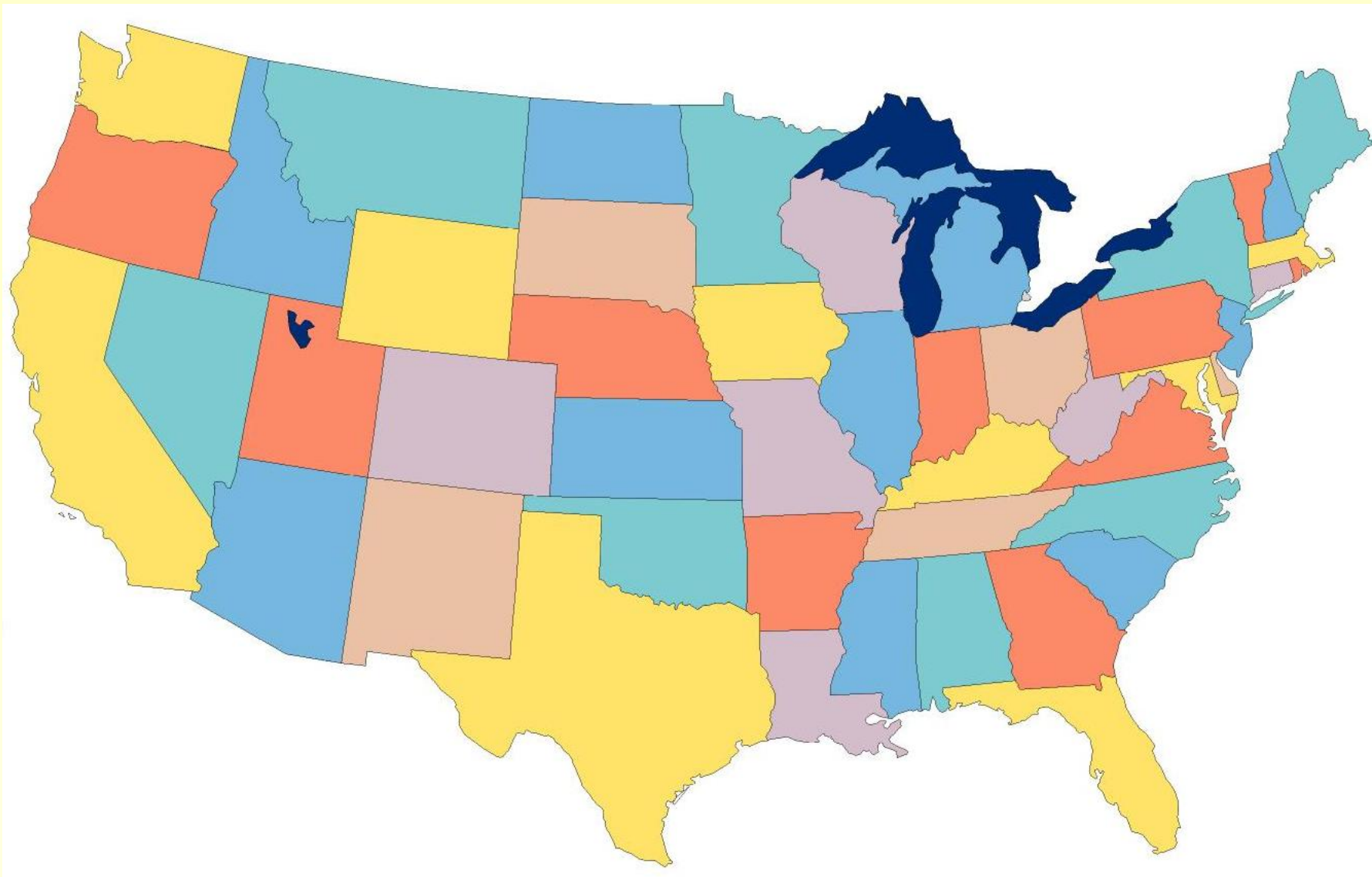
USA

John J. Frado, C.P.A.

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# Four Topics

How retirement is **changing**.

Why we need a **model**.

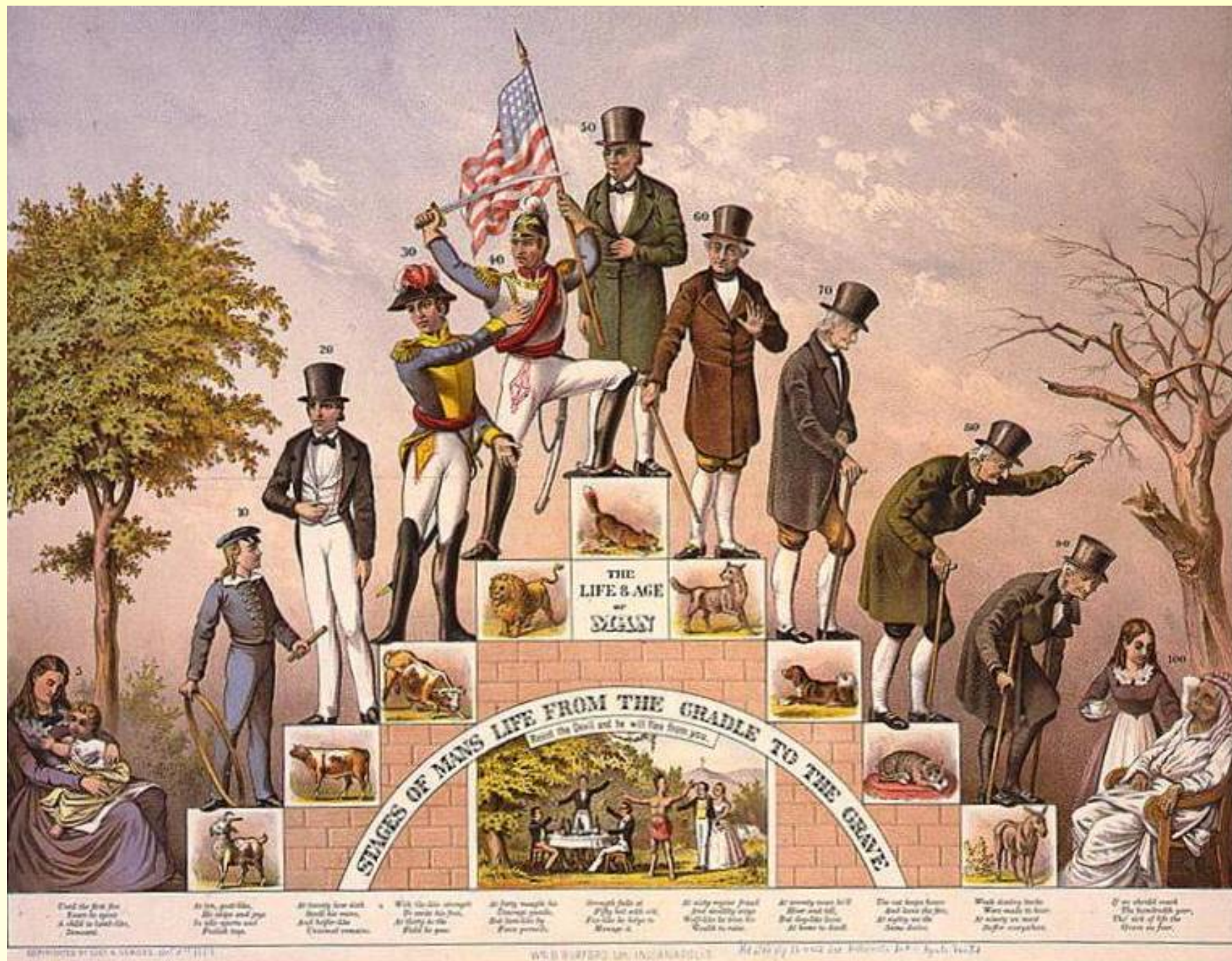
What do we **want** for retirement?

Putting the model to **work**.

How retirement is  
**changing.**











Forgetting infant	Her special notices	Her repeated duty	A husband's grief	A mother's anxiety	Was to the poor	Abandoned husband	She now resigns	A sister's tears	The hearty friend	The body aches
For ever young	For good and true	All comfort	In her arms and	Love can cure	Her hands disperse	And now	All earthly cares	Are still absorbed	As all should be	And wastes away
For ever young	The eyes which weep	And wonder	Exclaim, her life	With faithful heart	The blessing of	The weight of loss	And life her soul	Imparted blessings	When coming in	The spirit cannot
For future days	Life must know	Of her loneliness	A lonely day	The tears to share	Is violence	Remember her name	In heaven in prayer	To her hand	Of righteous men	And weary





# Retirement



# Event





Education

Work

Retirement





Dependence

Independence  
& Saving

Dis-Saving



Development

Productivity

Leisure



Development

Productivity

Leisure



Development

Productivity

Leisure

Development

Productivity

?





Development

Productivity

Development &  
Productivity &  
Leisure

# **Original Retirement**

Relatively short for many

Physically worn-out

Leisure based

Begins at a single point

Income shifts completely

Readiness is financial

Few decisions

# **Emerging Retirement**

Relatively long for most

Physically healthy

Leisure and ?

Begins intermittently

Income shifts partially

Readiness is financial+

Many decisions; ongoing

# **Original Education**

Financial Content  
Lifestyle Content

# **Emerging Education**

Consumer of information  
Decision tools

Why we need a retirement  
education **model**.





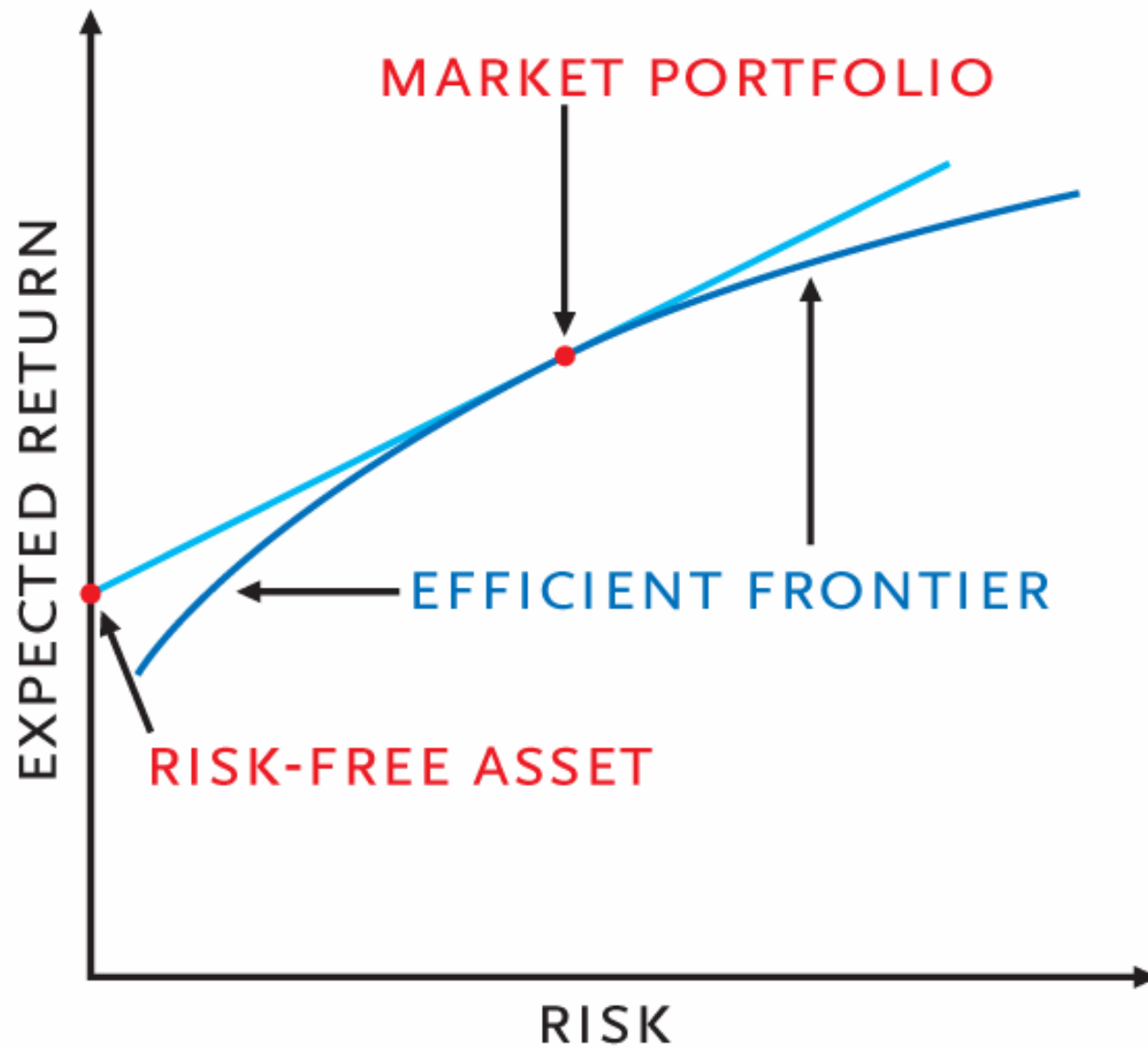


# Accounting

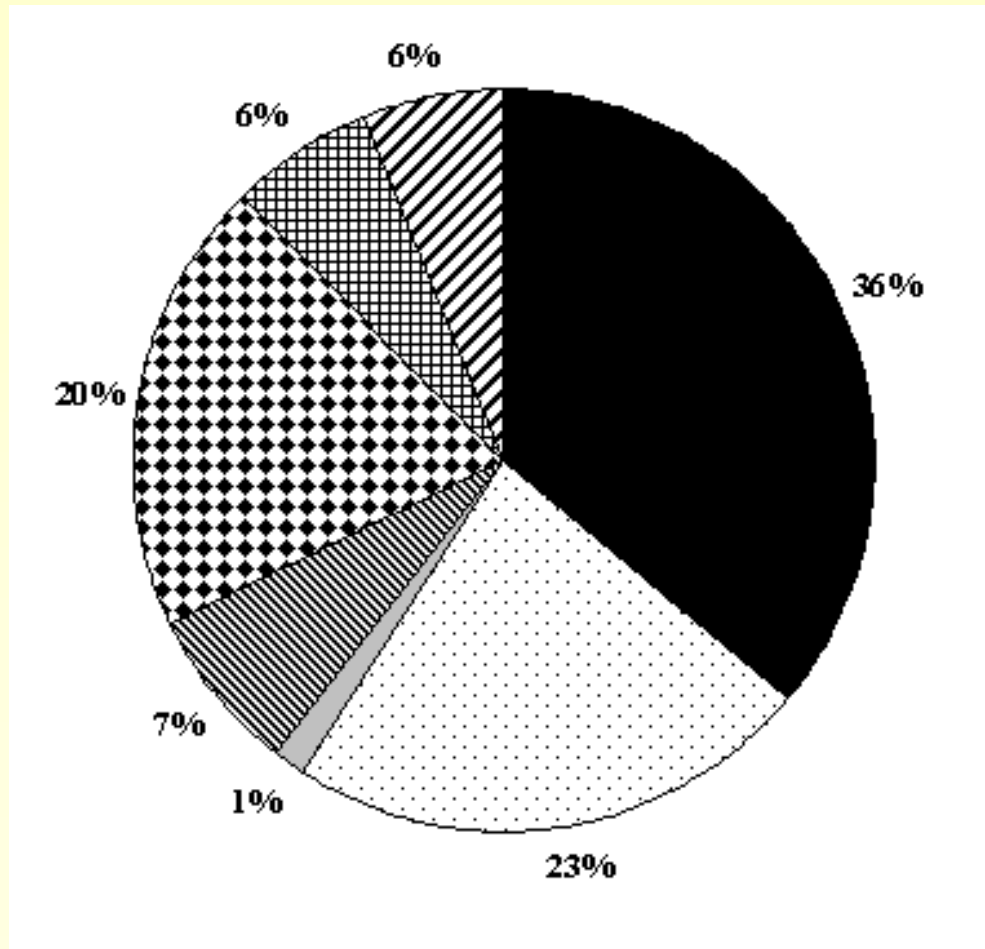
## Balance Sheet

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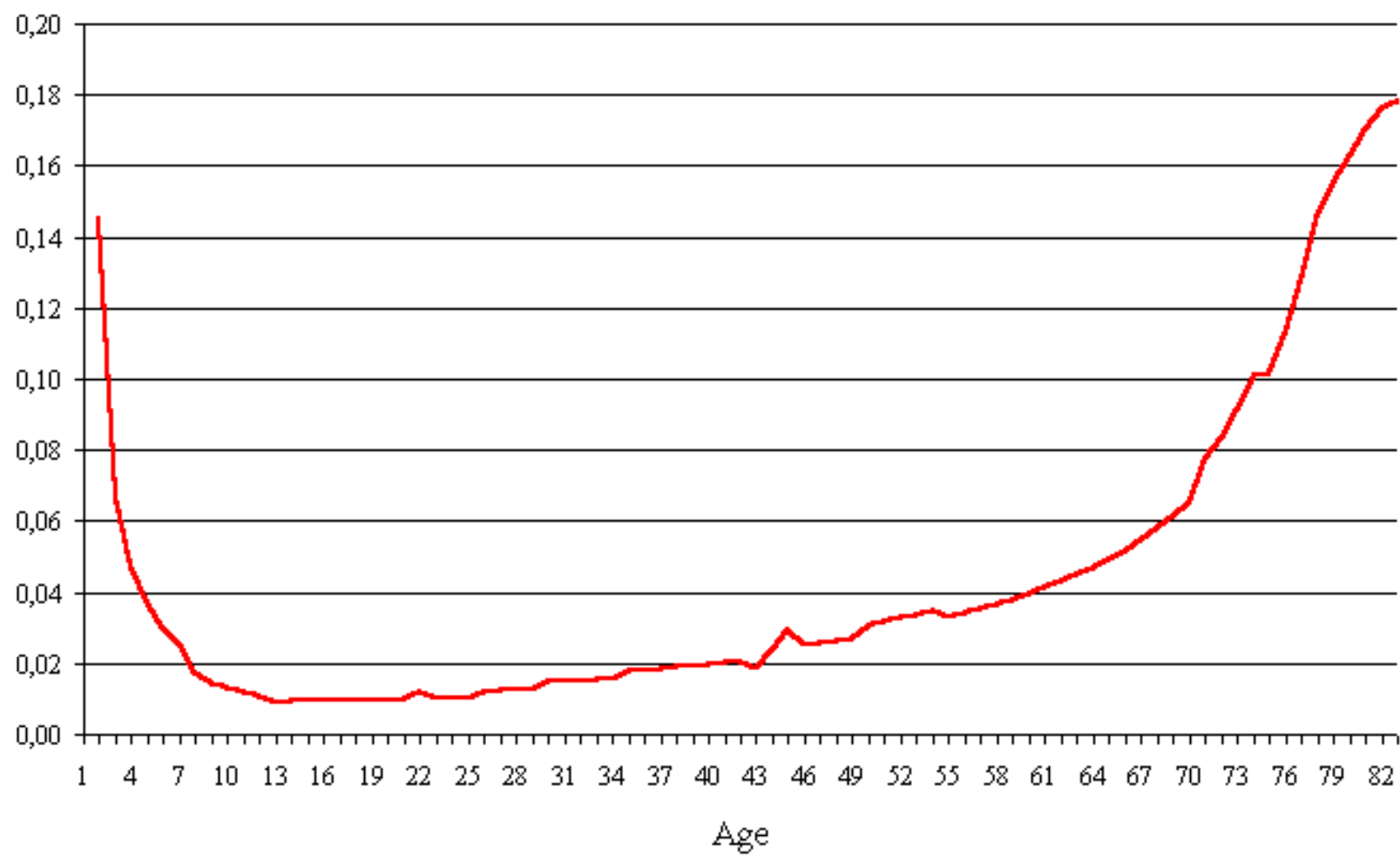
Assets	Liabilities
	Net Equity



# Portfolio Allocation

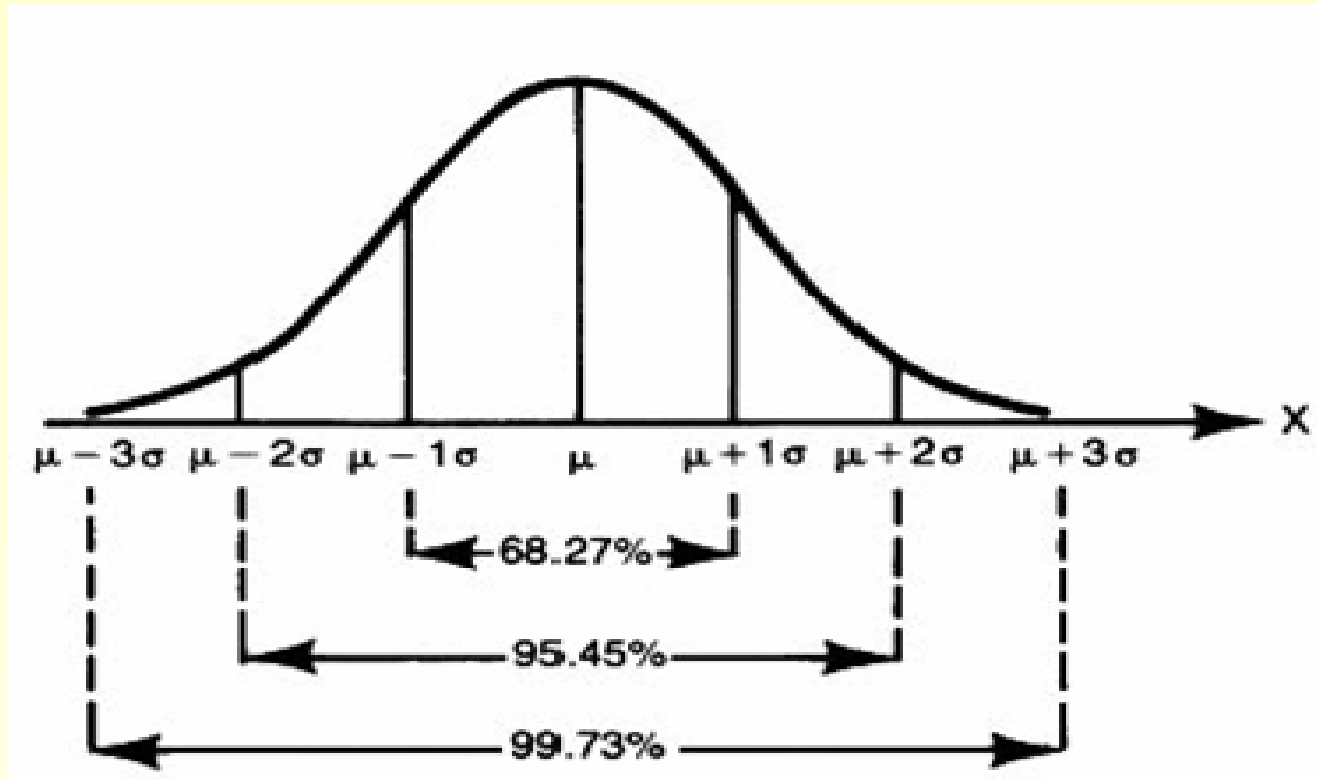


Age. Curt.	Per- sons.	Age. Curt.	Per- sons.	Age. Curt.	Per- sons.	Age. Curt.	Per- sons.	Age. Curt.	Per- sons.	Age. Curt.	Per- sons.
1	1000	8	680	15	628	22	580	29	539	36	481
2	855	9	670	16	622	23	579	30	531	37	472
3	798	10	661	17	616	24	573	31	523	38	463
4	760	11	653	18	610	25	567	32	515	39	454
5	732	12	646	19	604	26	560	33	507	40	445
6	710	13	640	20	598	27	553	34	499	41	436
7	692	14	634	21	592	28	546	35	490	42	427





# Actuarial Science



# Retirement Planning

# Retirement Planning



What do we **want**  
for our retirement?

What do **you** want  
for your retirement?

Your greatest  
**hopes and dreams?**



Your greatest  
**fears and concerns?**

# Well-Being

# Well-Being

A state characterized by  
health, happiness and prosperity

*The Random House Dictionary*

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A state characterized by  
**health**, happiness and prosperity

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# Well-Being

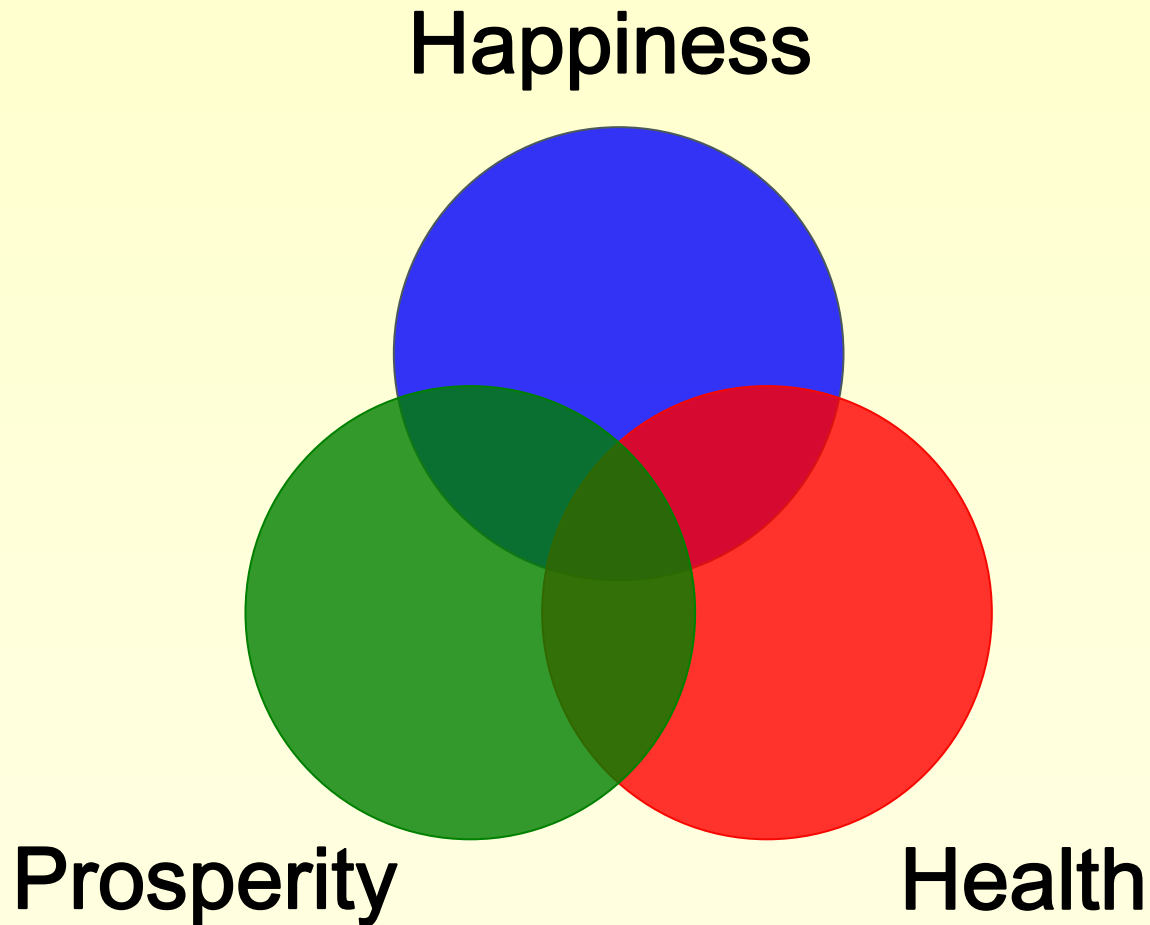
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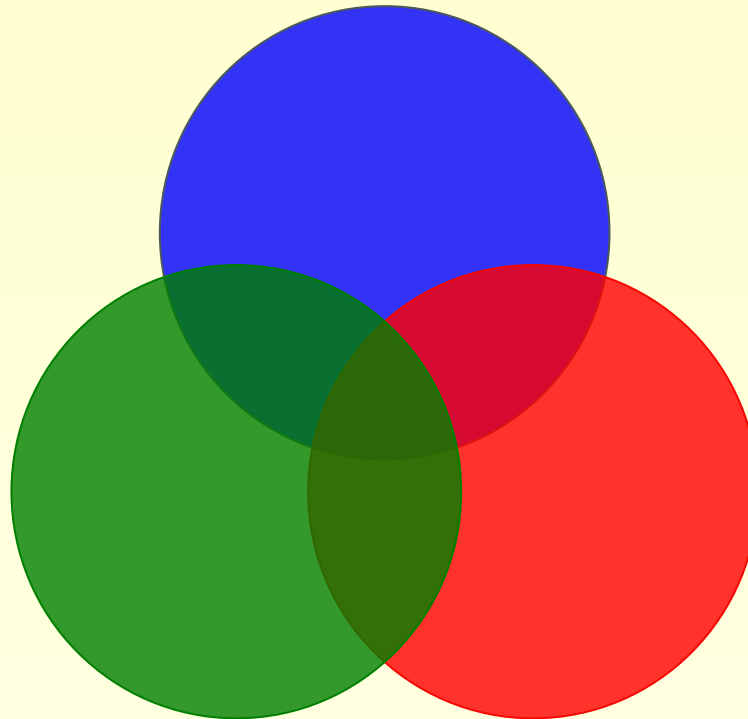


# Dimensions of Well-Being



# Fields of Knowledge

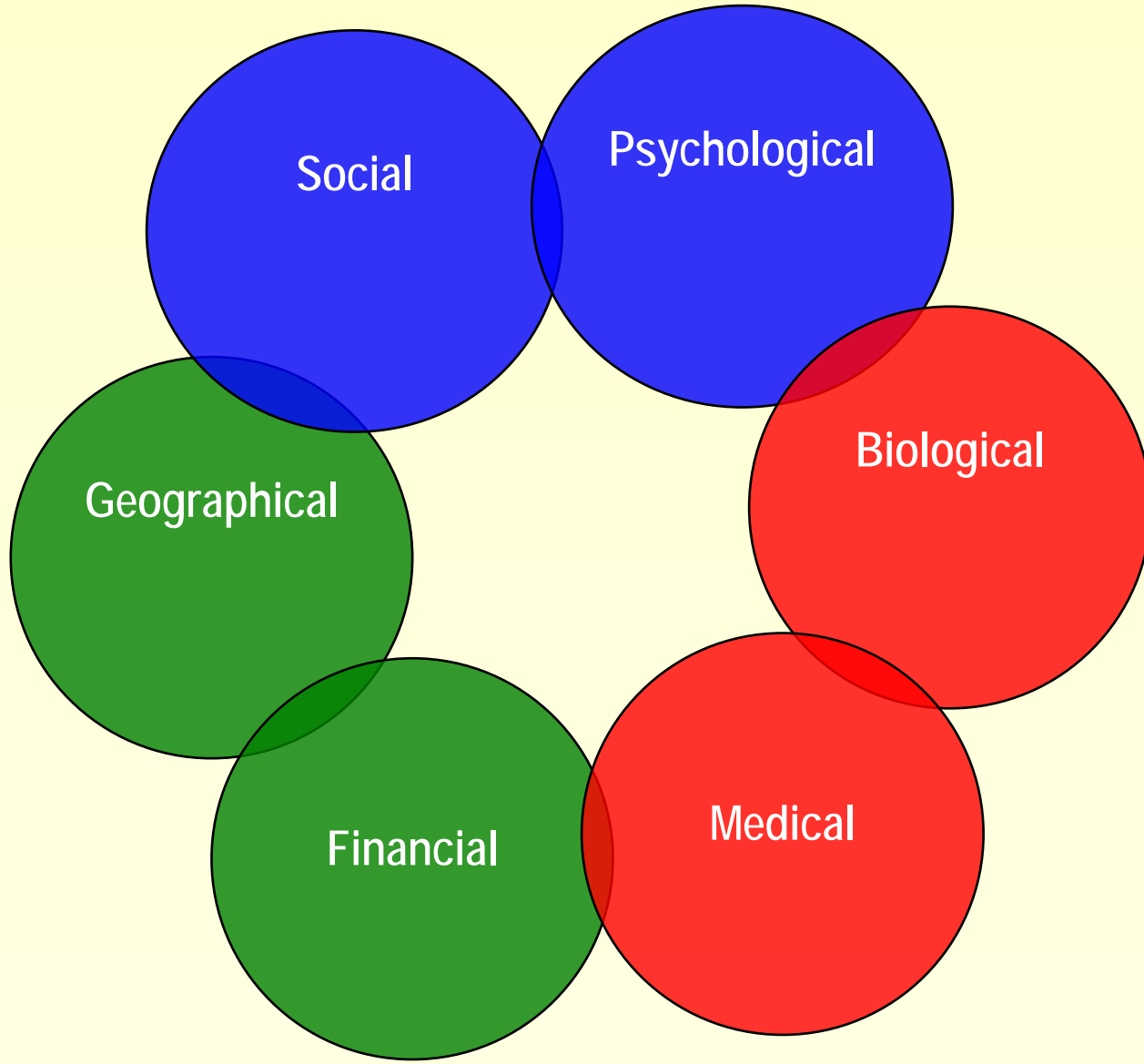
Psycho-Social



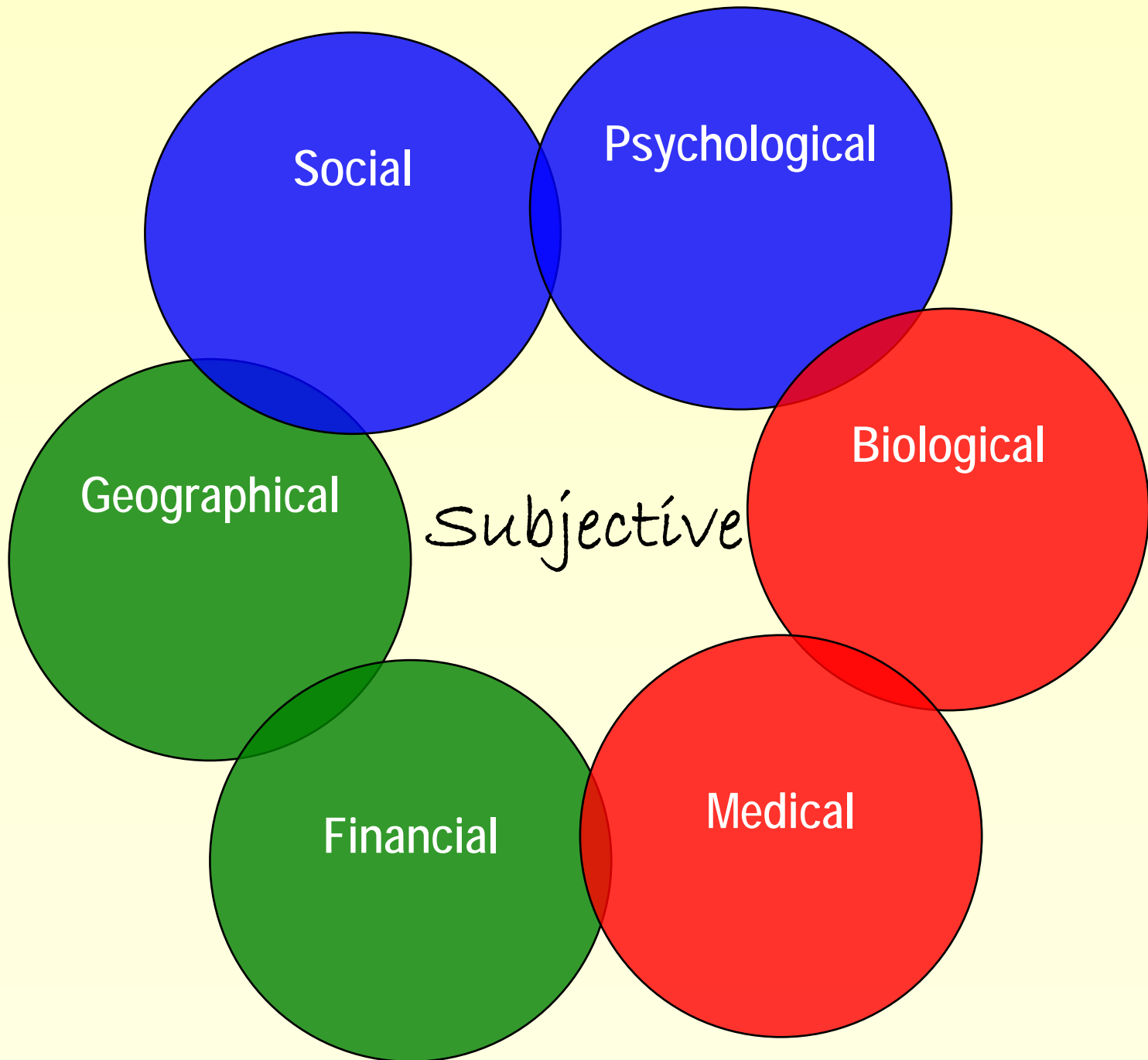
Geo-Financial

Bio-Medical

# Fields of Knowledge

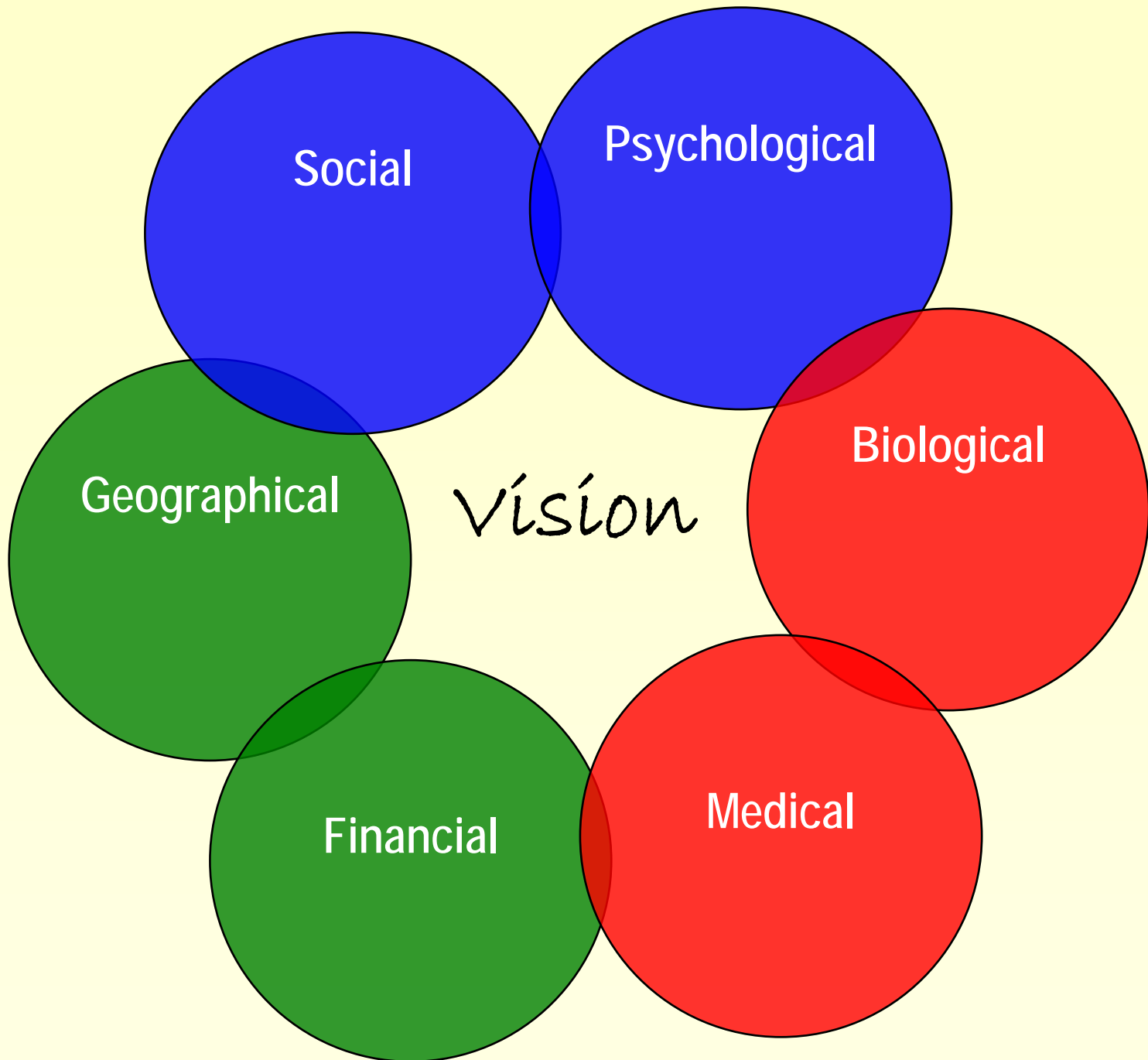


**Objective**



**Objective**

**Assessment**



**Assessment**

Is this **advanced** —



Is this **advanced** –  
or an **introduction**?

It's a **capstone** —

and an **invitation**

Looking for the  
three dimensions:

# Benjamin Franklin

# Benjamin Franklin

Healthy

Wealthy

Wise

# Benjamin Franklin

Healthy

Wealthy

Wise

# Benjamin Franklin

Healthy

Wealthy

Wise

# Benjamin Franklin

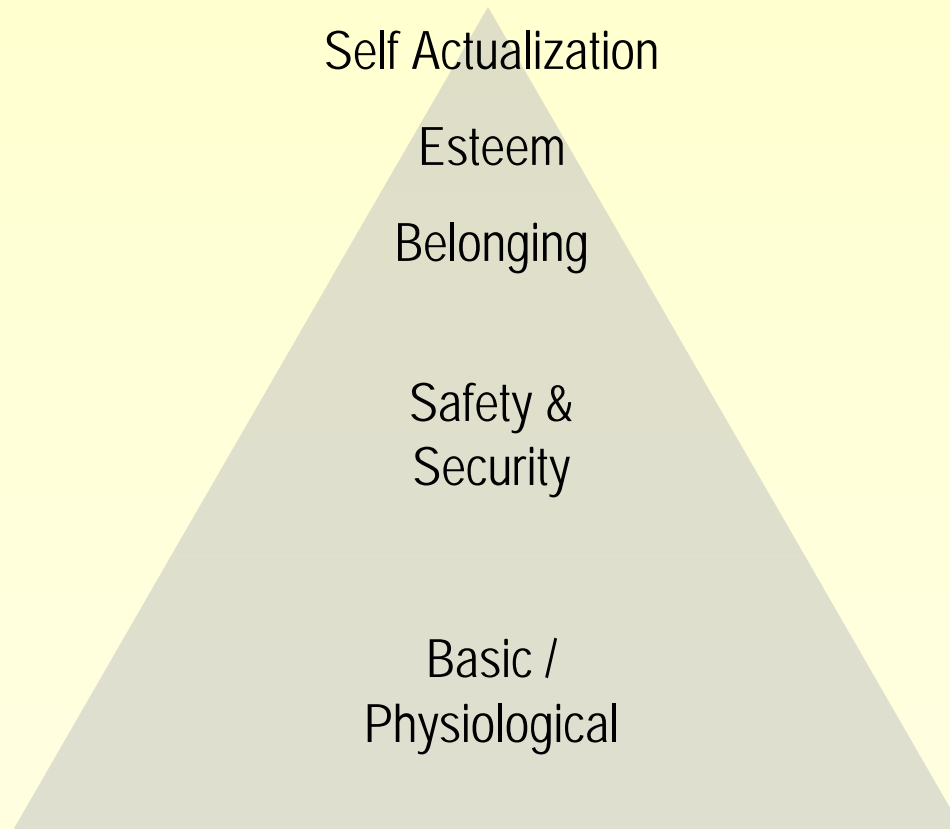
Healthy

Wealthy

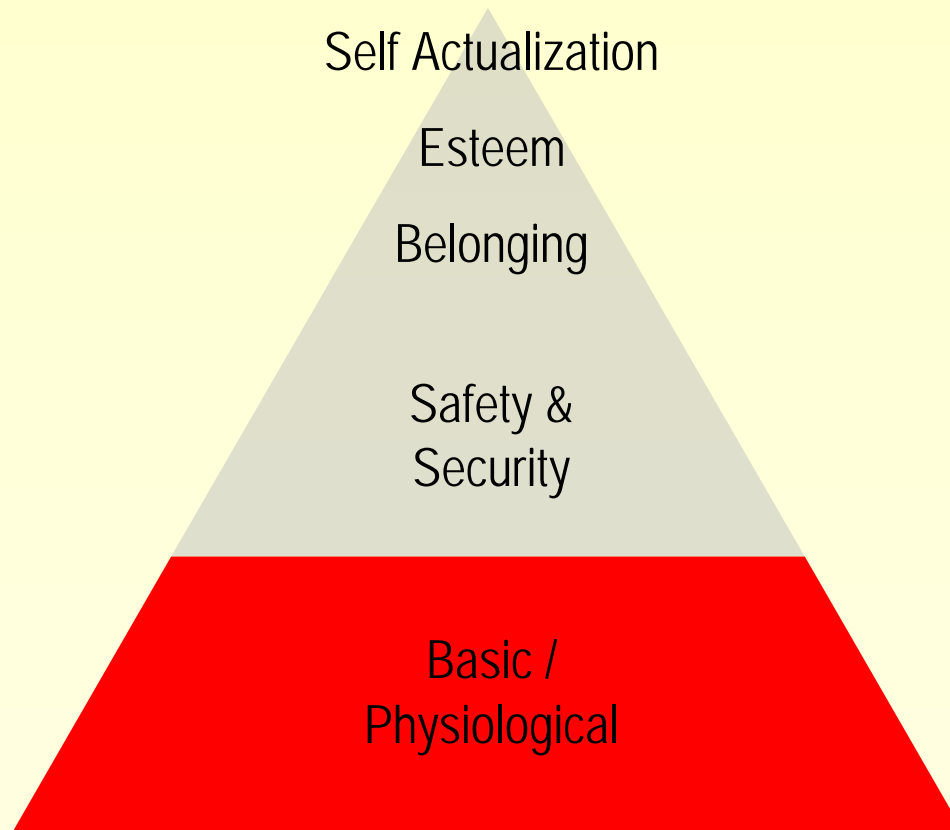
Wise



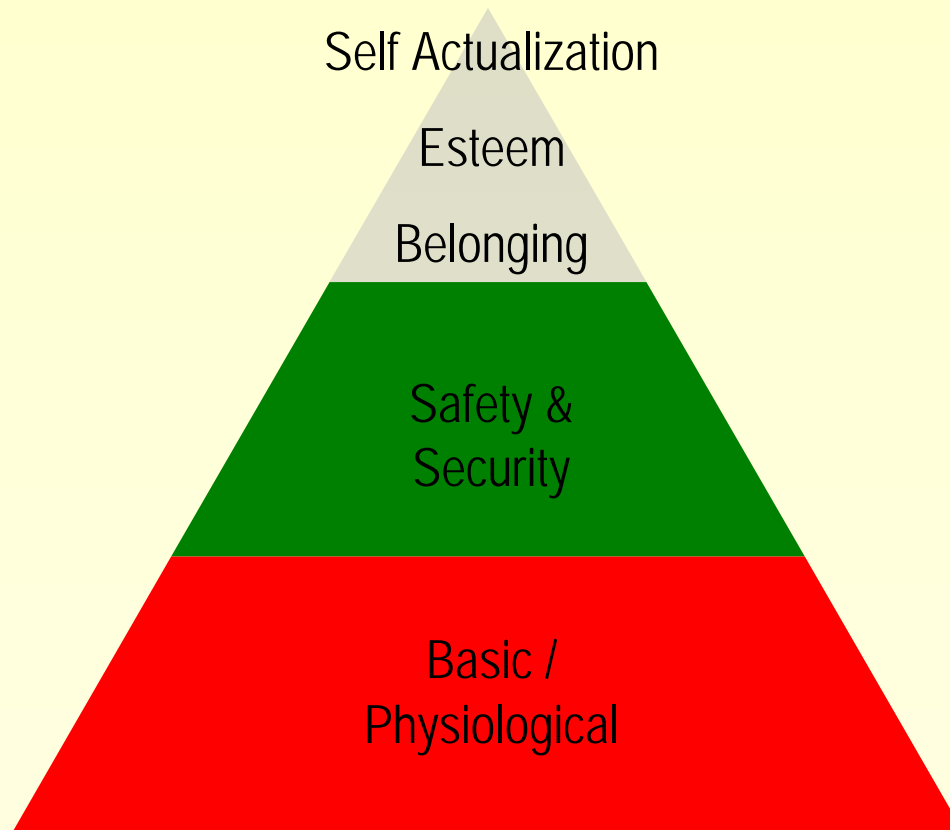
# Maslow's Hierarchy of Needs



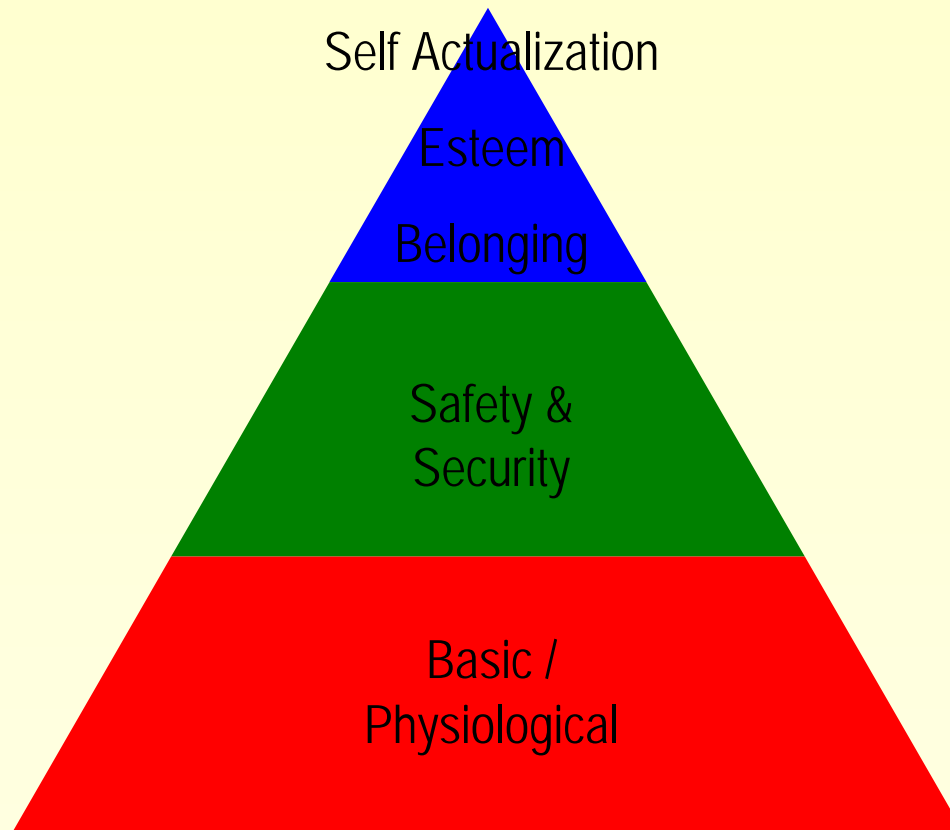
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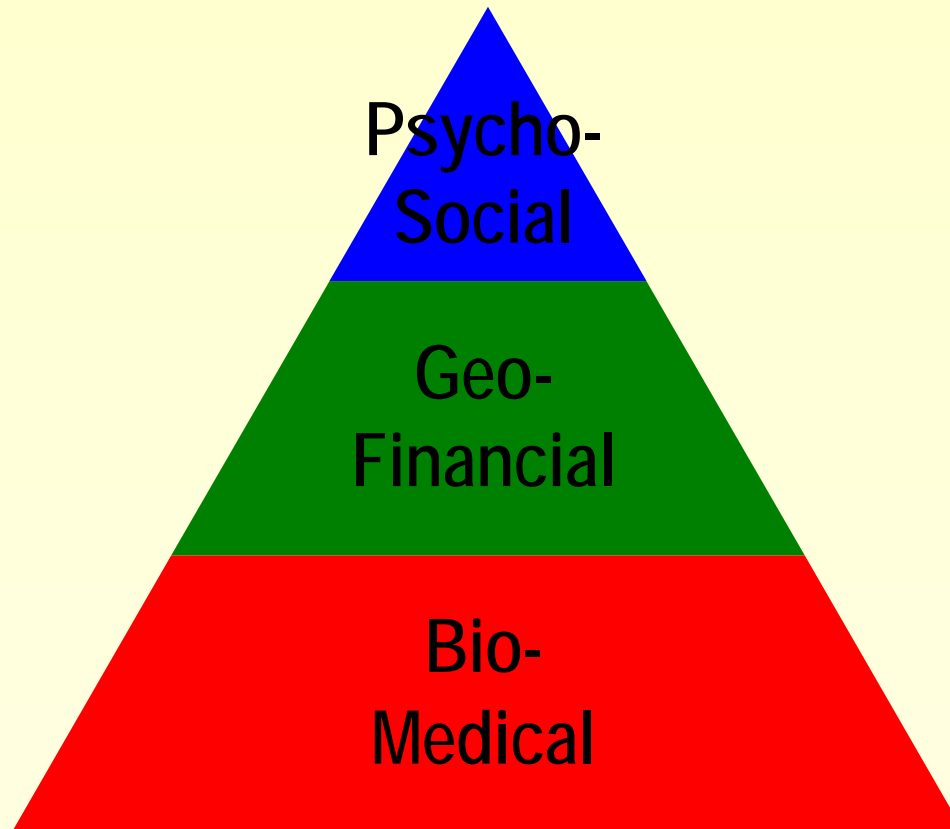
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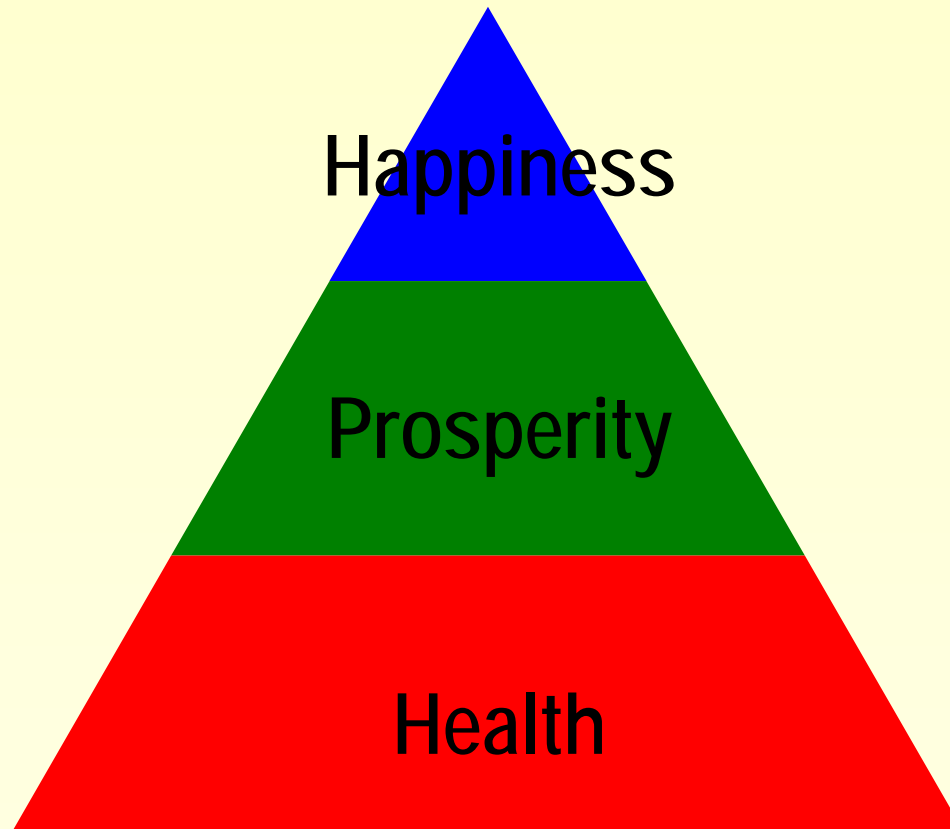
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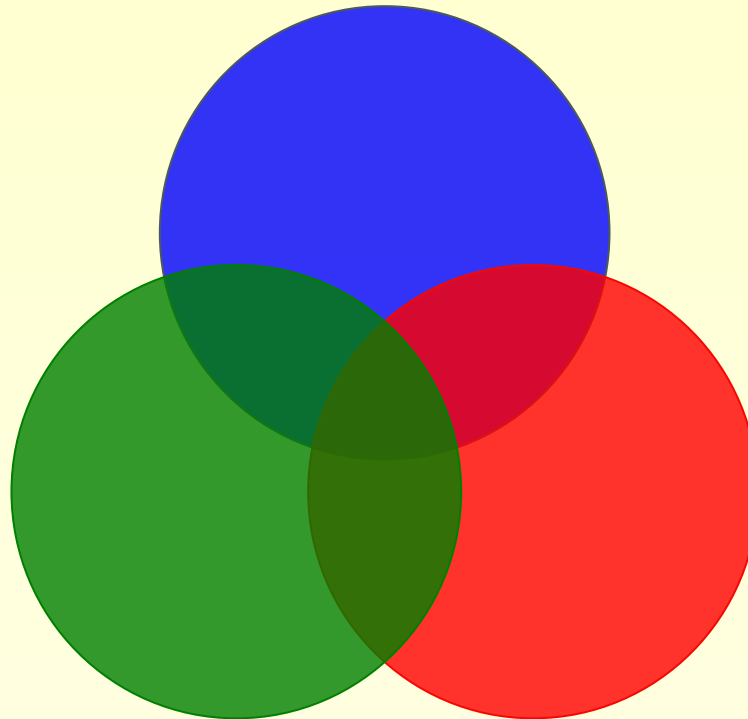


# Maslow's Hierarchy of Needs



# WHO: Quality of Life

Psychological / Social Relationships

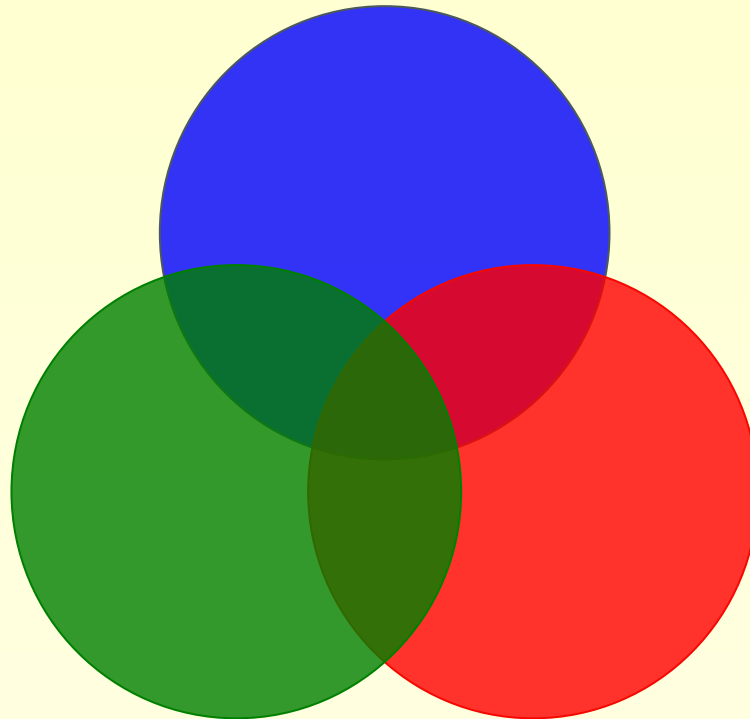


Environment

Physical Health

# UN: Human Development Index

Educational Attainment



Standard of Living

Life Expectancy





# AARP: Five Core Needs

the need for health;

the need for financial security;

the need to contribute or give back to society;

the need for community and to stay connected  
to family, friends and social networks;

the need to play and enjoy life

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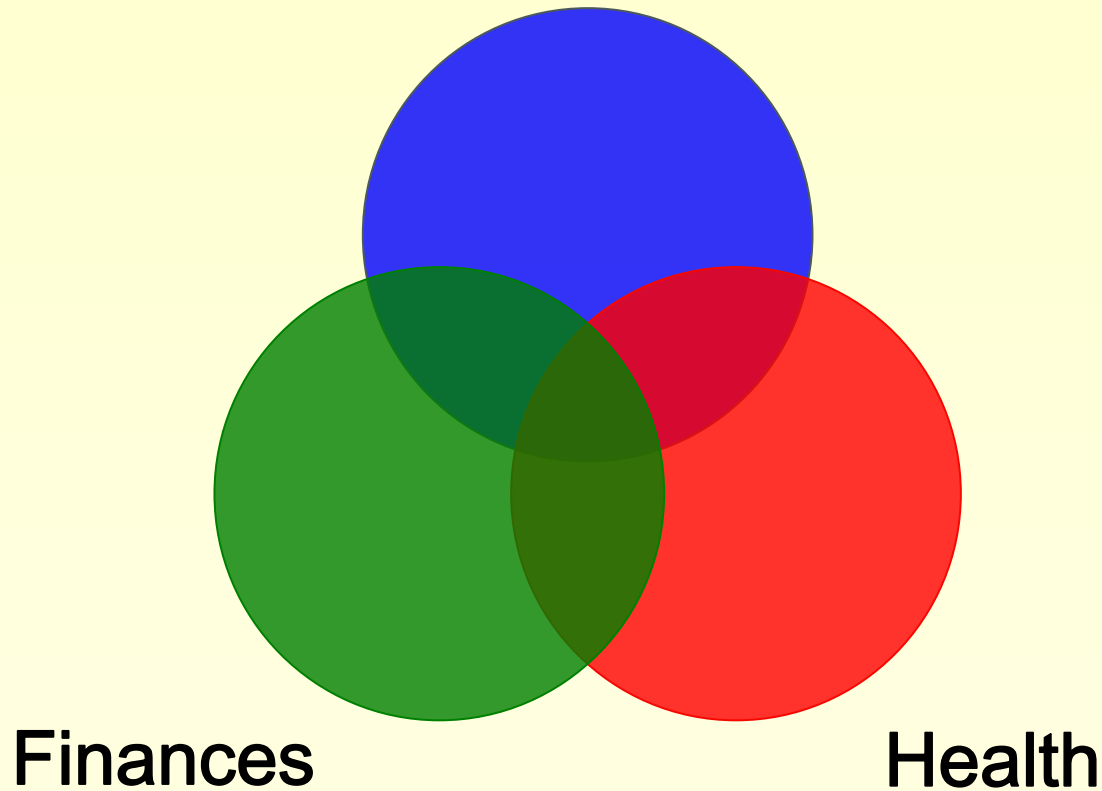
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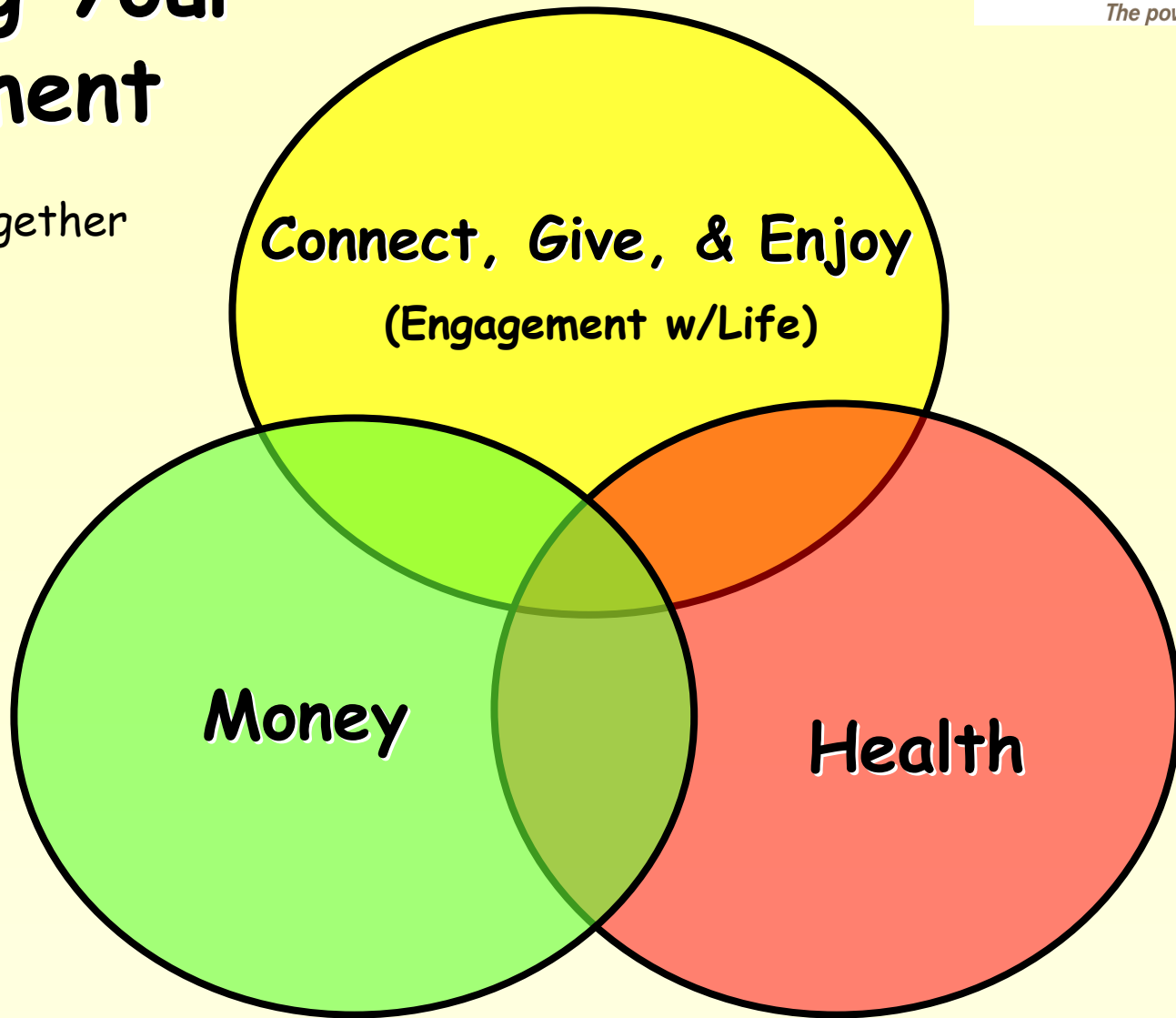
# AARP Five Core Needs

Connecting / Giving / Enjoying



# Planning Your Retirement

It all fits together



[HEALTH](#)
[MONEY](#)
[LEISURE](#)
[MAKE A  
DIFFERENCE](#)
[FAMILY](#)
[ONLINE  
COMMUNITY](#)
[MEMBERSHIP](#)

## Pension Deficit Disorder

[Interactive Video: You as the Agent of Change](#)

[Voting Is a Family Affair](#)

[Facing Your Financial Fears](#)

[Eating Healthy With Joy Bauer](#)



# Pension Deficit Disorder

Underfunded plans leave many scrambling to save for retirement.

[Watch Now](#)

## Latest News

[AARP Bulletin today](#)

- No 'Weekend Money' for Wall Street
- World Markets Sink; OPEC Cuts Output
- FDIC May Back Mortgages
- The Placebo Effect

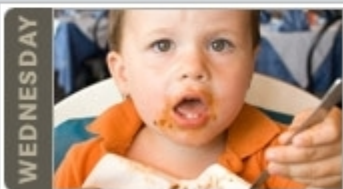
[More News >](#)

## AARP In The News

AARP Survey: 70 Percent of Older Workers Plan to Work Into Retirement Years

[Press Center](#)

## Your Daily Dose



### Save a Buck

Find out where kids eat free.



### Travel Tip of the Week

Airlines now charge extra for everything, but some airports are offering free perks.



### Recipe of the Week

Celebrate fall with a classic dessert dish, Harvest Pumpkin Pie.

## AARP MEMBERSHIP

Join, renew, or learn about exclusive AARP member benefits.

## AARP.org local

Find news, events, and people near you.





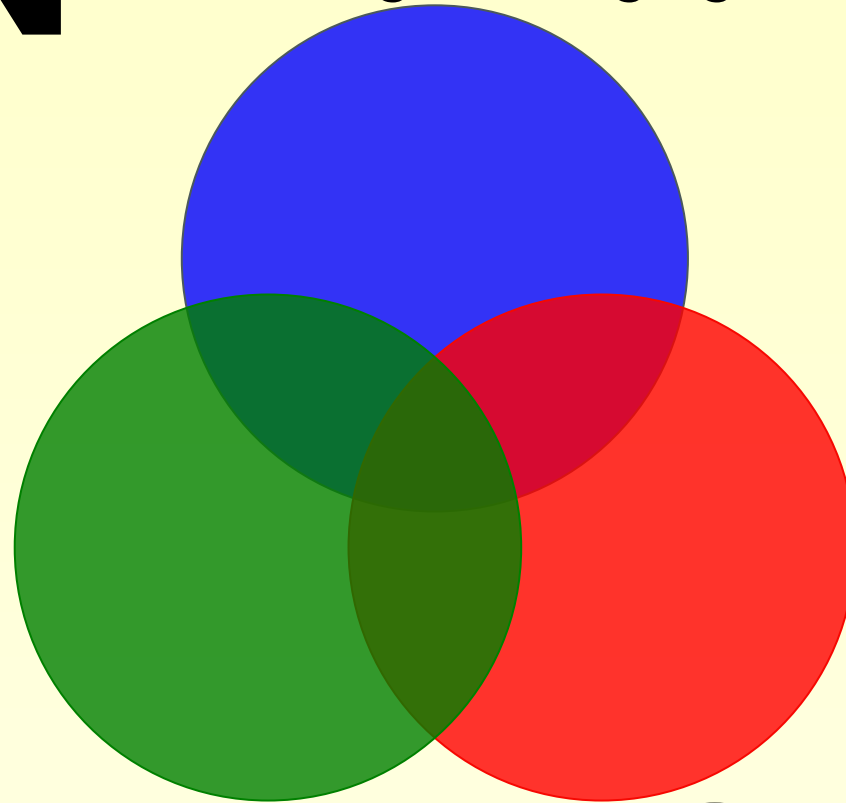
Putting the model to  
**work.**

# Retirement Readiness Project



InFRE Retirement  
Readiness Profile®

**N**etworking & Engagement



**W**ealth

**O**verall Health

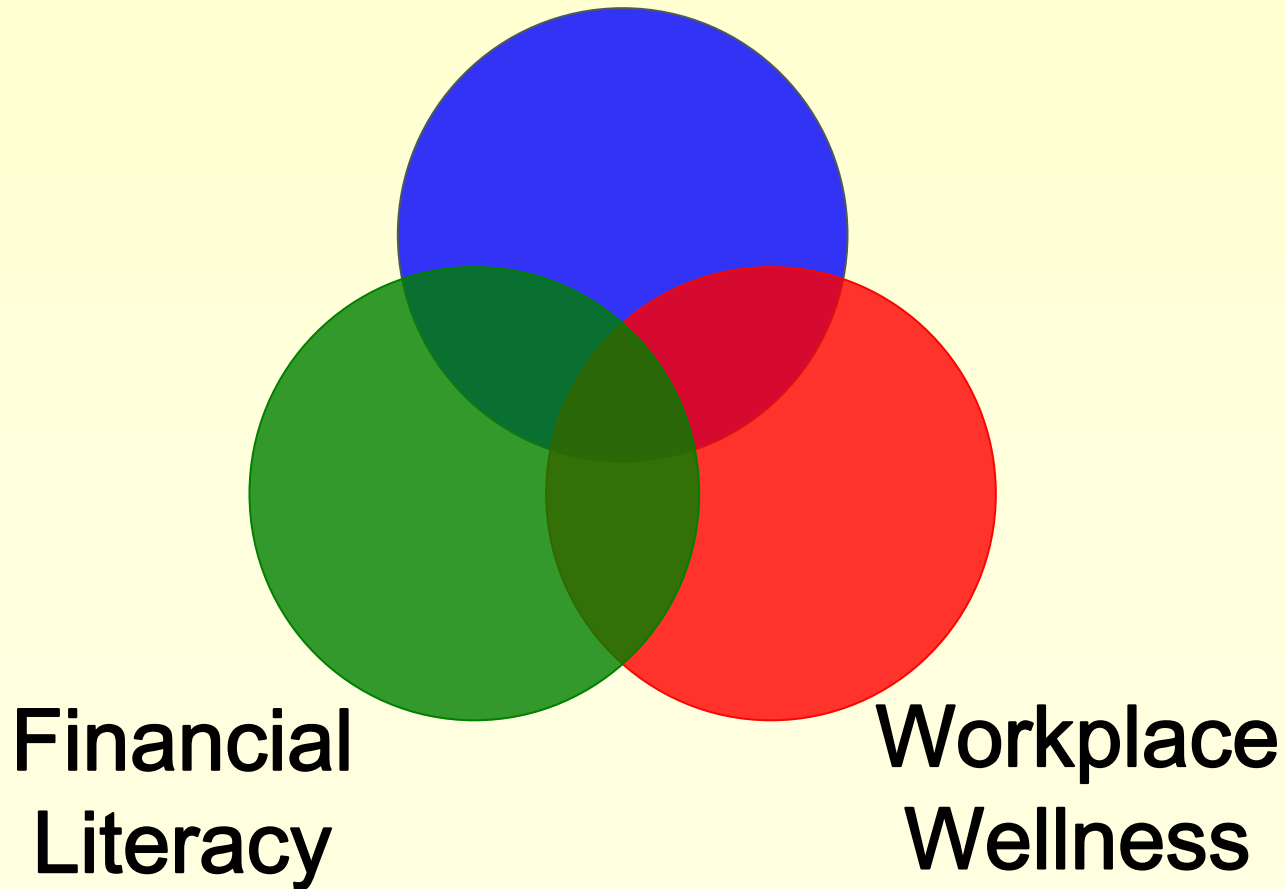
# Retirement Readiness

**N.O.W.**



# Organizational Resources

Aging Workforce



Tomorrow's **workshop**





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## FOR RETIREMENT

**Planning Now  
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Building these social  
**Relationships**

M \_\_\_\_\_  
E \_\_\_\_\_  
P \_\_\_\_\_

Using these psychological  
**Strengths**

1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_

Living in this geographical  
**Place**

S \_\_\_\_\_  
A \_\_\_\_\_  
L \_\_\_\_\_  
E \_\_\_\_\_

Choosing these  
**Ways to Live**

\_\_\_\_\_,  
\_\_\_\_\_,  
and \_\_\_\_\_.

Deepening these biological  
**Practices**

R \_\_\_\_\_  
E \_\_\_\_\_  
M \_\_\_\_\_

Managing these financial  
**Pillars**

1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_

Accessing this  
**Medicine**

P \_\_\_\_\_  
A \_\_\_\_\_  
R \_\_\_\_\_



# Are You On Track?

## ■ Income Factor Tables

You'll use the tables below to convert your current values and future savings into a monthly retirement income. They assume a rate of return 3% greater than inflation.



**In just four steps** you can roughly estimate how much retirement income you're building up to see if you're on track. To keep things simple, it assumes you'll retire at age 66 and live to age 90. Remember that these calculations do not include everything and that your situation is unique—you never know what the future holds. For a more complete estimate, you may want to use one of the many online retirement calculators, including AARP's at [www.AARP.org/bulletin/yourmoney](http://www.AARP.org/bulletin/yourmoney), or consult a financial adviser.

**Some experts suggest** you'll need 70% to 100% of your current income in retirement; others say you need less. Inflation and other factors could make retirement cost more than you think. Knowing where you stand now could help you decide if you need to save more, work longer or change your lifestyle.

Table A	Current Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
	Income Factor	187	193	198	204	210	217	223	230	237	244	251	259	267	275	283	291
Table B	Current Age	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
	Income Factor	16	16	18	19	21	23	26	30	34	39	46	57	72	97	148	300

Step 1	Sources of Income (Married couples should split assets.)	Current Values	Monthly Retirement Income
	<b>Personal Savings.</b> Accounts funded primarily by you, including your 401(k) and other salary savings plans, IRAs, mutual funds, stocks and bonds, CDs and annuities. Enter your total current value in the first column.		
	<b>Employer Pensions.</b> These include profit sharing and other plans that have an account balance, which you'll enter in the first column. For traditional pensions and other plans that have a monthly benefit at retirement, enter the monthly amounts in the second column. If you have both types of plans, you'll have a number in each column.		
	<b>Residence.</b> Money from your home that you can use for retirement. You can't use it all because you'll need to live somewhere! In the first column, enter a maximum of one-half the current equity. (Using the current amount is conservative but safe, just in case your house doesn't appreciate		

# ANNUAL RETIREMENT ISSUE

Getting Psyched | Building Assets | Finding Shangri-la

The McGraw-Hill Companies

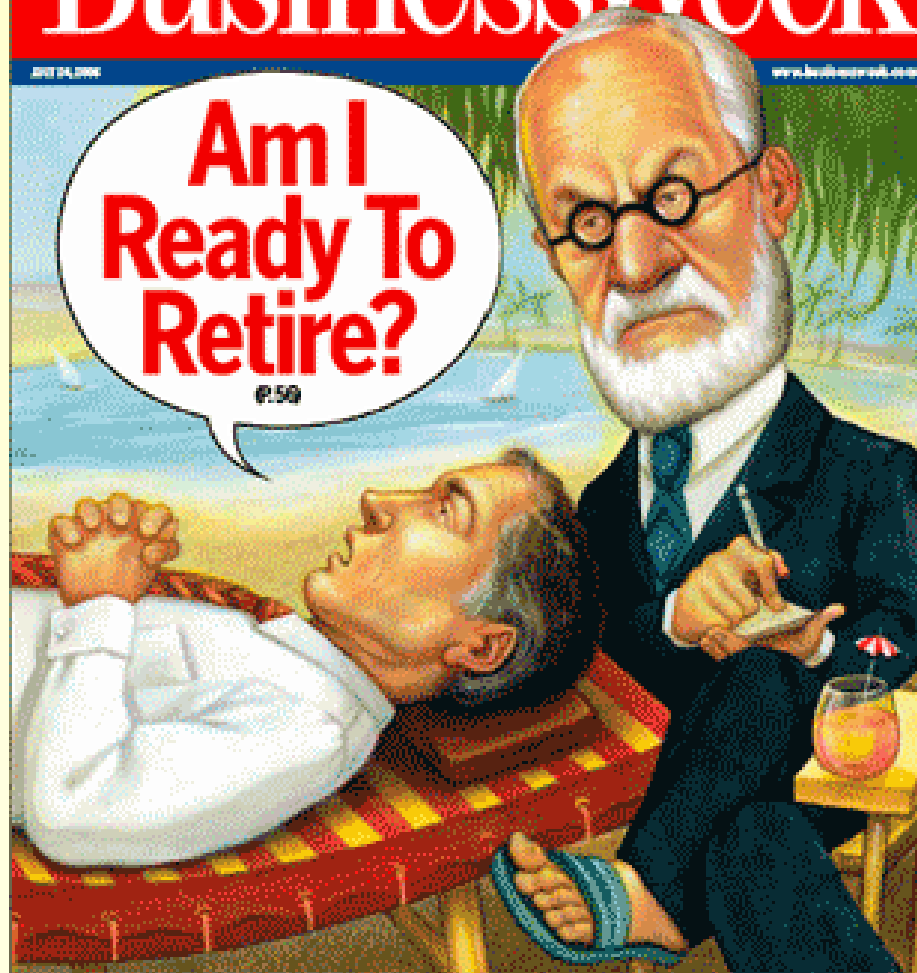
# BusinessWeek

JULY 24, 2006

www.businessweek.com

Am I  
Ready To  
Retire?

\$7.50



# Retirement Well-Being

