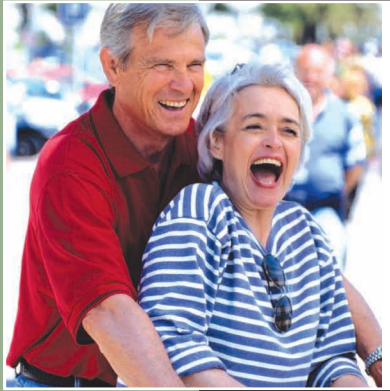




CONSOLIDATED
CREDIT COUNSELING SERVICES, INC.™
When debt is the problem, we are the solution.

PLANNING YOUR GOLDEN YEARS: A RETIREMENT GUIDE



Consolidated Credit Counseling Services, Inc.

5701 West Sunrise Boulevard

Fort Lauderdale, FL 33313

1-800-210-3481

www.ConsolidatedCredit.org

Congratulations on taking this important step to a brighter financial future. Consolidated Credit Counseling Services, Inc. has been helping Americans across the country solve their credit and debt problems for more than a decade.

Our Educational Team has created over twenty publications to help you improve your personal finances. By logging on to www.ConsolidatedCredit.org you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft and building a better credit rating to how to buy a home and pay for college. On our web site you will also find interactive credit courses, a “Best of the Web” debt calculator, a personalized budgeting tool, and much more.

We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburden by high interest rate credit card debt then I invite you to speak with one of our certified counselors free of charge by calling 1-800-210-3481 for free professional advice. We also have partnership programs available where groups, businesses, and communities can hold financial workshops and receive free money management guides and workbooks like the one you are reading now. Please call 1-800-210-3481 if you would like to discuss pursuing a personal financial literacy program.

Sincerely,



Gary Herman

President

Consolidated Credit Counseling Services, Inc.

Planning Your Golden Years

While most Americans think they are on the track to a long and comfortable retirement, many will learn at retirement that they're not as close as they'd like to be:

- Only about 15% of working-age Americans have an IRA, and only 22% contribute to a 401(k) plan.
- The median benefit for women with income from private pension plans or annuities is just \$4164, compared to \$7768 for men. Only one in five women receives private pension income.
- Sixty-nine percent of American adults aged 25 to 44 expect to retire in the “traditional” sense of spending retirement in leisure. But reality hits home as they near retirement—63% of 45- to 54-year-olds expect a retirement of leisure, and only 49% of those 55 or older say the same.
- Twenty-six percent of workers say they are “just making ends meet,” but only 16% think they will live this way in retirement. Of retirees, 20% are “just making ends meet,” while 16% describe their pre-retirement lifestyle this way.

If you're like most people, taking some time now to plan for your retirement – no matter how close or how far away it may be – can help you get closer to what you really want.

Consolidated Credit Counseling Services Inc., a provider of credit counseling, educational assistance and budget planning services to consumers nationwide, offers the following financial tips when planning for retirement:

Know What You Want

While most people envision retirement as no work and lots of play, that's not always realistic. Even if you don't want to work (and don't have to bring in extra money), you'll want to find activities that keep you wanting to get out of bed in the morning.

So before you even start thinking about money, your first step is to think about what you really want at retirement. Do you really want a thirty or forty year vacation? Or do you want to pick up a hobby you always wanted to learn? Work part-time? Move to a condo on a golf course or a beach in South America? Use the Retirement Lifestyle worksheet at the end of this brochure to help you start thinking about some of your options.

Establish Your Financial Goals

Consumers have often heard that they'll need about 70% of their pre-retirement income to live comfortably in retirement. But that may be wildly inaccurate. Rising prescription and health care costs, the fact that people live longer, the desire to travel, or even children or grandchildren who move in,

can make retirement more expensive than expected. If you're more than fifteen years from retirement, a good place to start reviewing what you might need is the easy-to-use BallPark Estimate Worksheet developed by the American Savings Education Council at www.asec.org/ballpark.

As you start approaching retirement, you'll need to get more serious and detailed about what to expect. Here are a couple of retirement calculators that get high marks for detailed information:

AARP Retirement Calculator at www.aarp.com/bulletin

Quicken.com Retirement Planner at www.quicken.com/retirement/planner/

Most people will receive income from two or three sources during retirement, including:

- Social Security
- Pensions or retirement savings
- Part-time work

Before you retire, it's important to understand what to expect from each.

Social Security: You should get an annual statement of your estimated Social Security Benefits each year before your birthday. Pay attention to this statement.

If it doesn't accurately list your income, you may be shortchanged on benefits. Contact the Social Security Administration with questions at www.ssa.gov or call 800-772-1213.

If you're divorced, you may want to find out whether you can get a higher Social Security benefit based on your ex-spouse's benefit. Also understand how working longer may affect your benefit – either increasing or decreasing it.

Retirement Accounts: Putting your savings in tax-deferred accounts, such as a 401(k), IRA, or Roth IRA, can help you save more money. Check with your employer to see if they match all or part of your 401(k) contributions. If they do match your contributions, you're leaving money on the table if you don't take advantage of this money!

Even small contributions over time can make a big difference. If you can't set aside as much as you'd like, try to get into the habit of contributing something to your retirement now. Terry Savage, author of *The Savage Truth On Money* gives this example: If you get a paycheck, 7.5% of your wages is deducted from your paycheck for Social Security, but you probably don't even know how much it is. Why? "Out of sight, out of mind." Set up automatic withdrawals from your paycheck or bank account for retirement savings and soon you won't miss it.

As many employees of the failed company Enron learned, it can be dangerous to have all your retirement money tied up in the assets of one company – especially when that company is also your employer. Be sure to keep a diverse investment portfolio for your retirement to insulate your finances from market uncertainties. In addition to your 401(k), consider a variety of international stocks, small-company stocks, large-company stocks and bonds. When the market takes dips and dives (as it eventually does), a diverse portfolio will help offset any losses due to market swings. If you don't know what types of investments are right for you, talk with a financial planner or ask your employer if there are financial advisory services available through the company that administers your retirement plan.

More tips:

- Avoid borrowing or cashing in your retirement plans early – even if it's just a small amount. Both can mean significantly less money at retirement.
- Consider joining an investment club to get both the know-how and motivation to start investing. Visit www.better-investing.org for information on starting an investment club. It can be fun, and profitable!
- Talk with a financial planner before you start withdrawing money from your retirement plans. The rules about withdrawals are complicated,

and if you don't do it right you can end up paying expensive taxes and penalties.

Here are several resources for finding a financial planner:

The Financial Planning Association: 1-800-322-4237 or www.fpanet.org

The National Association of Personal Financial Advisors: 1-888-333-6659 or www.napfa.org

Certified Financial Planner Board of Standards: 1-888-237-6275 or www.CFP-Board.org

Pensions: Pensions can be very confusing, and employees often don't know how they are managed by their employer — or how much they'll get at retirement. If you work for a smaller employer in particular, it may be difficult to get the information you need to plan.

By law, however, your employer is required to give you a Summary Plan Description of your retirement plan if you request it and an Individual Benefit Statement once a year. If you can't get these documents, contact the Department of Labor for help.

You or your spouse may have to make a choice at retirement whether to take a larger pension for the employee's lifetime, or a smaller payment for the lifetime of the employee or their spouse, whichever lives longer. It's important to think this issue through carefully to make the best choice for your situation. Believe it or

not, some people have pensions coming to them and don't know it. They may have left a job, for example, not realizing they were entitled to benefits. You can search for lost pensions at www.pbgc.gov.

For a free booklet to help you understand retirement plans, contact the US Department of Labor at 800-998-7542.

Part-time Work: This may depend on what you plan to do in retirement, and how many hours you'll be able to work. If you enjoy your current job but want to cut back, find out whether your company hires contractors or part-time workers.

If you want to pursue a different part-time job or business during retirement, can you start apprenticing now part-time to find out what the work is really like, or to start building experience or credentials? The more homework you do before you retire, the more likely you are to make a smooth transition afterward.

Get Together

Couples who have been at odds with their financial goals, or who haven't talked about money before retirement, may find things strained when their regular paychecks end. Because most people have to make financial and lifestyle adjustments during retirement, it's important for couples to start talking about their

differences, as well as their shared goals. A good place to start is the book *Money Harmony* by money therapist Olivia Mellan. It's available in most bookstores and libraries. Many churches and local community centers also sponsor workshops about couples and money.

Eliminate Credit Card Debt

If you have unsecured credit card debt, make it a priority to pay it off before you retire. Paying off high-interest credit card debt on a fixed income can sometimes be especially stressful. The high interest rates associated with credit cards can add-up, especially on a fixed income. If you have five or six credit cards now, keep one or two with the lowest interest rates and pay off the others before you retire.

Decide Where You Want to Live

If you are planning to move after you retire, look into the cost of living for that area. If you are interested in a retirement community, check to see if living there will help or harm your ability to cut back on health care, food or utility expenses. If you are looking into moving to a new state or town, it could be worthwhile to see if there are tax advantages for senior citizens. Learning the financial details of where you would like to live will help you budget your retirement savings more accurately.

Your library should carry several books to help you in your search for a place to settle, such as *America's 100 Best Places to Retire* (third edition) by Elizabeth Armstrong (Editor). If you type in *Best Places to Retire* in a search engine on the Internet, you'll find a number of web sites with information.

The next step is to try some of them on for size. If you think retirement in a foreign country is for you, can you take some vacation time to check it out? Just be sure to spend some time with others who have actually retired to that area, or you'll get an unrealistic view. Vacation is different than day-to-day living.

Consider Healthcare Costs & Create an Emergency Fund

For most Americans, getting older is synonymous with higher medical costs. Your first step is to invest in your good health. Research shows that regular exercise, a healthy diet, strong community ties, and activities to keep the mind active can cut down on health care costs. The sooner you begin to really take care of yourself, the better, and small changes can make a big difference.

Another safeguard is to build a medical emergency fund into your retirement plan. Talk to your employer before you retire to find out what health care benefits are available after retirement. Should your health insurance expire when you retire, you'll need to invest time and

energy to find alternatives before you begin Medicare. If you have health problems that may require expensive care, you may want to postpone retirement until you can make sure you're covered by other insurance or Medicare. One uninsured accident or illness can literally wipe out a lifetime of savings.

Put Those Mortgage Payments Behind You

Planning to pay off your mortgage before you retire can save you many financial headaches down the road. You'll feel a lot more comfortable without a large mortgage debt looming over your head. Most lenders allow you to prepay your mortgage by sending in extra money with your payment. You don't have to follow an expensive schedule or pay for a bi-weekly payment plan. Just send in what you can, when you can, and make sure you designate that extra as additional "principal" payment.

If your home is paid off when you retire, you may want to take money out of your home. A reverse mortgage allows you to get money from a lender instead of paying money to one. You can continue to live in your home for as long as your health allows, while receiving a monthly check. This can be ideal for retirees who own a home but don't have a lot of cash to cover expenses.

Think Creatively

Your retirement may not be exactly what you have envisioned, but given the number of years you're likely to spend in retirement, or at least semi-retirement, you should have plenty of opportunity to experiment with different options. You may consider renting out a room in your home to another retiree or a college student, for example. If you're a nurse or teach in a special area of expertise, you may be able to travel on cruises for free in exchange for your services.

Another example: if you're cash challenged but don't want a job, you may try bartering. Barter networks exchange everything from babysitting services to dry-cleaning to professional services to real estate! If you have a skill or product you can barter, consider joining a reputable barter association to help keep more cash in your pocket. (Visit www.irta.net)

If Debt Is Getting the Best of You - Seek Help

If getting control of your debt before you retire is becoming an overwhelming task, seek the assistance of a financial planner or credit counselor who can provide FREE advice about your particular situation. Don't wait. One of the biggest mistakes consumers make is raiding their retirement funds to pay bills when they would have

been better off getting help from a professional credit counselor who can help them evaluate their options and make smart choices.

You can call Consolidated Credit's Debt Hotline at 1-800-210-3481 and speak with a credit counselor to discuss ways to create a manageable plan for reducing debt.

Retirement Lifestyle Worksheet

If married, both spouses should complete separately and compare.

What kind of climate do I want to live in?

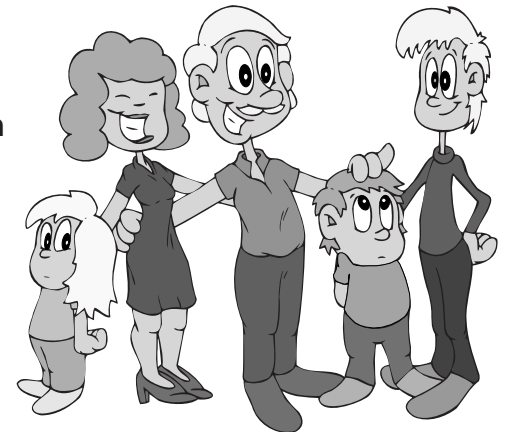
What size community do I want to live in?

Which amenities are important to me?

- Golf
- Water/Beaches
- Restaurants
- Hiking
- Libraries
- University
- Major airport/low-cost airlines
- Cultural activities: theater, museums etc.
- Church or synagogue
- Other:
- Other:

What features of the community are most important to me?

- Hospital/health care access
- Low or no state income tax
- Low sales tax
- Low crime rate
- Excellent hospital
- Low traffic
- Public transportation
- Other:
- Other:



Do I want to travel in retirement? How often? Where?

Do I want to live close to family members?
Grandchildren?

What kind of work or business would I like to try?

What hobbies would I like to pursue?

How do I plan to take care of my health?

What size home do I want to live in? What about
upkeep? Landscaping?

What do I want to do with household items I've
accumulated over the years?

What pets do I want to have and how will they fit in
with my lifestyle?

Other goals and dreams for retirement:

About the author and Consolidated Credit Counseling Services, Inc.

Consolidated Credit Counseling Services, Inc. is a consumer-oriented, nonprofit, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States. Our mission is to help families end financial crisis and solve money management problems through education and professional counseling.

Gerri Detweiler is Consolidated's educational director and autor of this publication. She has written numerous books including The Ultimate Credit Handbook, which was featured in Money magazine as one of the five best new personal finance books of the year when it was released. Ms. Detweiler has been quoted in thousands of publications including the New York Times and The Wall Street Journal. She co-hosted an award-winning syndicated financial radio program, and has been a guest on The Today Show, Dateline NBC, the CBS Evening News, and CNN. She has testified before Congress and lobbied on behalf of consumers protection measures. She is the former executive director of Bankcard Holders of America, as well as a policy director for the National Council of Individual Investors. She has also served on the Board of Directors for the National Coalition for Consumer Education as well as Experian's Consumer Advisory Council.

Notes



Now you can find **FREEDOM FROM DEBT!**

Consolidated Credit Counseling Services, a nationally recognized non-profit organization, will provide you with professional financial education, counseling and resources.

In addition, you can benefit from customized Debt Management Programs, which incorporate a bill consolidation plan to help you regain your financial freedom.

Our professionally trained Certified Public Accountants will negotiate directly with your creditors to:

- Reduce or even eliminate interest rates!
- Lower monthly payments by up to 50%.
- Eliminate late charges and over-limit fees.
- Consolidate debts into one lower payment.
- Help you pay off debt faster.
- Rebuild your credit rating.
- Save you thousands of dollars.
- Get you on a plan to be debt free!



Call today, and take your first step toward financial freedom!

1-800-210-3481

or visit www.ConsolidatedCredit.org



You can be **debt free**



There is help waiting for you now.

- Reduce or eliminate interest charges.
- Consolidate credit card bills into one lower monthly payment.
- Pay off your debt in half the time.
- Save thousands of dollars.



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5701 West Sunrise Boulevard • Fort Lauderdale, FL 33313
1-800-210-3481

www.ConsolidatedCredit.org • Email: counselor@ConsolidatedCredit.org