

THE RETIREMENT SHIFT

→ **Disappearing employer and government plans have left retirees to fend for themselves**

In 1985, a ticket to the movies cost \$2.75. The average price of a gallon of gas was \$1.09. And a loaf of bread cost 55 cents. A lot's changed since 1985.

And it's not just prices that have gone up: Retirement planning has seen a major shift in the past 30 years. There are several factors that have significantly changed the way Americans are preparing for their golden years:

Less Social Security

Retirees these days can't count on Social Security and pension plans like they could 30 years ago. In 1985, Social Security made up nearly two-thirds of a retiree's income. Today, that number is closer to a quarter of his or her income, according to a report by MarketWatch.

In addition, pension plans are disappearing, with only 19 percent of companies even offering them.

That's why it's so important for workers to take control of their retirement savings by investing in a retirement plan like a 401(k), IRA or Roth IRA. I recommend my clients save 10 to 15 percent of their salary in their retirement accounts.

Living longer

In 1985, men were expected to live 14 years after retiring, while women were expected to live 19. Today, men are expected to live 26 years in retirement and women 29 years. That's an extra decade or more that retirees need to prepare for financially.

Those extra years can really add up: The average retired household spends more than \$40,000 a year, according to *U.S. News and World Report*. A good rule of thumb is to plan as if you're going to live to be 100.

Retiring solo

With marriage rates steadily declining over the past 30 years, many people are retiring

single. It's an additional challenge, because married couples are eligible for certain benefits that singles are not. For instance, surviving spouses can get up to 100 percent of their partner's Social Security payments.

I recommend singles save as much as 20 percent more than they would if they were married. This is especially important for single women, because women generally earn less and live longer. Married couples also have someone to lean on during a financial crisis. As a single, think about creating a financial team. A trusted attorney and financial professional are both important players to have on your side.

Rising debt

Whether it's in the form of mortgages, auto loans, student debt or credit card debt, debt is plaguing retirees at a much higher rate than in past years.

One of the best ways to wipe out debt is by setting a budget and sticking to it.

Remember, if you're living outside your means, you may not be able to afford the lifestyle you want come retirement time.

Cost of care

Health care costs in retirement continue to rise. Fidelity Investments estimates that a 65-year-old couple will pay \$260,000 for health

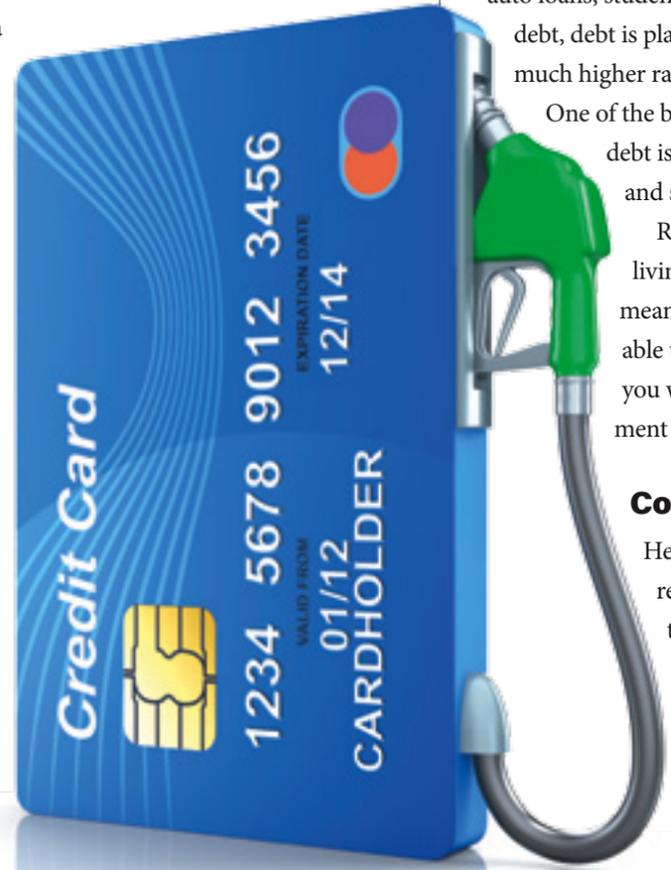
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care during retirement. Instead of employers picking up much of the tab like they did 30 years ago, most retirees are responsible for their own health care.

Although you can't see into the future, you can take a look at your family history to give you an indication of what kind of care you'll need. Use that as a guide when determining what kind of coverage you want.

Over the past three decades, the responsibility of planning, preparing and saving for retirement has shifted. Instead of relying on employers and the government, individuals are increasingly taking on that obligation. Bottom line: You're in the driver's seat for your own financial future.

Mike Kojonen is a licensed insurance professional and the owner of Principal Preservation Services, a full-service financial planning firm with offices in Woodbury, Minn., and Hudson, Wis. Learn more at preserveyourdollars.com.



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<p style="font-weight: bold; color: green;">Tuesday, March 7th</p> <p style="font-weight: bold; color: green;">10:00 AM</p> <p>Hilton - Mall of America 3800 American Blvd East Bloomington, MN 55425</p>	<p style="font-weight: bold; color: green;">Wednesday, March 8th</p> <p style="font-weight: bold; color: green;">10:00 AM</p> <p>Residence Inn Plymouth 2750 Annapolis Circle Plymouth, MN 55441</p>	<p style="font-weight: bold; color: green;">Thursday, March 9th</p> <p style="font-weight: bold; color: green;">10:00 AM & 6:00 PM</p> <p>Holiday Inn - Vadnais Heights 1100 East County Rd E Vadnais Heights, MN 55110</p>
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