



New Tools to Help Clients with Retirement Decisions

By Joe Tomlinson

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Joe Tomlinson, a regular contributor to Advisor Perspectives, recently chaired an actuarial working group that developed a series of Decision Briefs on retirement issues. These briefs, linked and summarized below, are now available to Advisor Perspectives readers and other interested parties.

Financial advisors mainly help clients with investments. Their clients, however, face other financial planning issues, and the arrival of retirement typically involves making numerous decisions. These briefs provide useful information to professionals who work with clients on the verge of retirement – especially financial advisors, accountants and lawyers. This work was sponsored by the Society of Actuaries, the professional organization that represents 22,000 actuaries in North America.

The briefs cover the following topics:

- [Big Question: When Should I Retire?](#) – This brief covers key questions that need to be considered when timing retirement, including examples illustrating the financial benefits those who delay retiring may enjoy.
- [When Retirement Comes Too Soon](#) – Recognizing that expectations are often upturned by unplanned early retirement, this brief addresses things to consider when that happens.
- [Women Take the Wheel: Destination Retirement](#) – This brief deals with special issues that confront women, who typically live longer than men and are likely to spend time as widows.
- [Deciding When to Claim Social Security](#) – When should you claim Social Security, and what may be the impact of your decision? This brief also addresses special issues for couples.
- [Designing a Monthly Paycheck for Retirement](#) – This brief deals with replacing a regular paycheck, and various options for taking withdrawals from savings or employing products with longevity guarantees.
- [Treating Asset Allocation Like a Roadmap](#) – This brief focuses on the tradeoffs and risks when you settle on a mix of asset classes to invest in.
- [Securing Health Insurance for the Retirement Journey](#) – This one addresses the Medicare choices individuals face beginning at age 65 and options for supplement-



ing Medicare coverage. It also reviews the health insurance challenges that face those who retire before age 65.

- [*Taking the Long-Term Care Journey*](#) – Perhaps the biggest risk faced by retirees is the need for long-term care. This brief describes the relevant financial and non-financial considerations, including questions about whether to buy insurance.
- [*Where to Live in Retirement*](#) – Although housing decisions are typically reached later in life, major lifestyle and financial issues are involved, so it pays to plan early. This brief also addresses special housing issues confronting the elderly.
- [*Estate Planning: Preparing for End of Life*](#) – This brief recognizes that estate planning is not just for the wealthy, and that there are key issues for everyone
- [*Finding Trustworthy Financial Advice for Retirement and Avoiding Pitfalls*](#) – It is not easy to find high-quality, unbiased financial advice at a reasonable cost, and this brief provides suggestions to help avoid the pitfalls.

The working group I chaired to develop these briefs is part of a larger actuarial group operating under the Society of Actuaries known as the Committee on Post-Retirement Needs and Risks (CPRNR). The committee chair is Anna Rappaport, a former president of the Society. For the past 30 years, much of her work has focused on improving the financial well-being of retirees. Anna has recognized the benefits of bringing together professionals from multiple disciplines to deal with retirement issues and, although this committee operates under an actuarial banner, it includes professionals from a number of different disciplines. It consists of about 100 members, including actuaries, economists, sociologists, psychologists, public policy specialists and even an anthropologist. The working group included a similar mix of professional disciplines.

This project is one of many research and education initiatives sponsored by the Society of Actuaries. The actuarial profession deals with the measurement and management of risks, including those associated with investments, longevity, health care, and long-term care. These are the same risks individuals face in retirement, so this effort is a natural fit for an actuarial group.

The briefs are focused on the issues facing average Americans, and they do not deal specifically with issues that are only important to high-income individuals. Some of the decisions involve major trade-offs, and the authors have attempted to offer a balanced approach. The briefs can be accessed from a single page [here](#).

Other Projects – Besides the Decision Briefs, the CPRNR produces a variety of special studies and recurring reports, which can be accessed [here](#).



The main recurring project is the *Post-Retirement Risk Survey*, which has been carried out every other year since 2001.

The group has also produced [Managing Post-Retirement Risks – A Guide to Retirement Planning](#), which addresses 15 different risks that retirees face. This guide, known as the "risk chart," provides a single-page discussion of each of the risks covered, including topics like "predictability" and tips on managing the risk.

The guide can be a valuable tool for advisors who want to help clients see the big picture when it comes to the issues they will face in retirement.

The CPRNR hopes that both individuals contemplating retirement and the professionals they work with will be able to make good use of these decision briefs. Of course, the committee itself is also a resource, and hopes its efforts will mean that more of the public becomes aware of its valuable and continuing work on projects related to retirement issues.

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