

“Retirement” or the next Phase?

Call it a second phase, an encore, a reinvention. Just don't call it “retirement”. More people are entering their mid-60s with skimpy savings, but blessed with sound health and many years ahead of them—and deciding that the definition of retirement has changed for them over the past 15 years. Retirement can now be defined as the opportunity to script the next phase of your active life.



Gary Webb REC®

No one should feel they must retire from life because of their age. Creativity continues, challenges persist, and there are many opportunities to pursue new avenues. Senior citizens have a lot to offer the world around them that will also enhance their lives.

According to the Urban Institute, between 1993 and 2009, workforce participation by men and women ages 62 to 74 grew by 39 percent and 60 percent, respectively. “Ninety percent of workers age 60 to 64, or 5.4 million men and women, say they enjoy going to work,” the institute reports. “The share increases to 97 percent of workers 70 and older, or 3 million people.”

Finances are a major concern, especially since the recession slashed retirement accounts and home values. According to an Employee Benefit Research Institute study, 60 percent of workers have nest eggs of less than \$25,000, excluding homes and pensions. Very few surveyed have pensions. They worry about medical bills even more than they do basic expenses. Money isn't the only reason some people choose to keep working.

“Even when the money issue is put aside, people don't want to do *nothing*”, says Tammy Erickson, author of “Retire Retirement: Career Strategies for the Boomer Generation” (Harvard Business School Press, 2008).

Are employers open to hiring seniors? Perceived age-related shortcomings are often outweighed by reliability, commitment and accumulated knowledge. With the current unemployment rate higher than desired, Erickson acknowledges that “it's still pretty tough” for older job seekers. Workers over 62 are less likely to be laid-off, but may have a harder time finding new jobs. When, or if, they do, it's often for lower pay.

In a satisfying twist of fate and demographics, experts are predicting that within the next decade, employers may become more open to hiring those who are gray-haired, simply because there won't be enough younger workers to replace the 77 million retiring boomers. Industries may need to offer lengthy leaves and other benefits to lure older workers into jobs for which, conveniently enough, they will be quite well suited. Millions of jobs in certain industries are going unfilled, says Rick Miners, co-author, with his wife Jeri Sedlar, of “Don't Retire, Rewire!” (Alpha, 2007). “We've got to see the light” Miners says. “We talk about saving our natural resources, we also need to save our human resources and not let it go to waste.”

The three most common reasons baby boomers give for choosing to work in retirement are: First, I can't afford to retire. Second, I'm happier and more productive when I'm busy working. Third, I would drive my spouse crazy. Today's active seniors are living and working longer than ever!

While some people simply stay at their jobs as the birthdays tick past, others grab the opportunity to do socially relevant work they set aside during their high-earning years. Retirees often retrain—often in community colleges—for jobs in growing industries such as health care, education, nonprofit work, technology and services for the elderly.

“My speculation is that the more mature the individual, the more likely to recognize that they need to reinvent themselves,” says Jeff Hudson, program director for continuing education at Normandale Community College in Bloomington, MN. “We figure 20 or 30 years is too much to play tennis or golf or sit around outside,” adds Chad Miller, 60, who three years ago made a transition of his own, from a communications manager to career coach with 2Young2Retire, an organization that helps people choosing work in later-life.

I really believe that the definition of retirement has been changing, slowly but surely, for quite some time. Some real life examples from client interactions: A recently retired public employee told me he plans to start his own business. A former healthcare provider has been teaching classes to nursing students. A lifelong public servant is teaching self-defense classes and writing books.

I hope the resources mentioned in this article give you a starting point for researching your “retirement”. Be sure to ask your advisor how you can setup a retirement plan that allows you to phase into retirement smoothly and successfully.

ANNOUNCEMENTS

*We would like to welcome
Dave Verbeke &
Ryan Cobb to our team!*

*Dave is our new
Investment
Advisor/401K
Retirement
Specialist. His role
here is to work on
retirement plans for
mid and small businesses as
well as individual wealth
management and retirement
planning.*



*Ryan is an
intern and a
junior at the
University of
St. Thomas,
majoring in
both Finance and Economics.
Within St. Thomas he sits on the
board of the Financial
Management Association.*



**Hope you are
enjoying your summer!**



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individuals and businesses.
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financial security.**

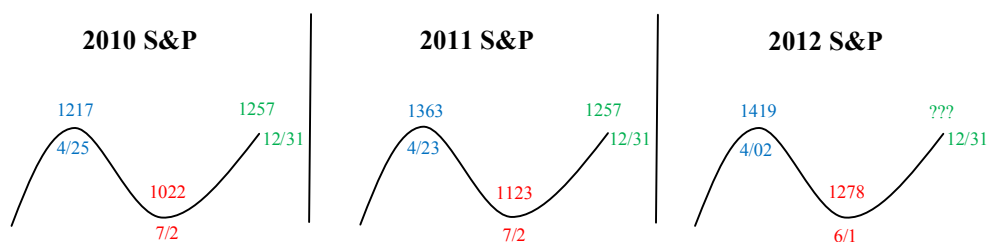
Jerry Webb, CFP® & Chairman
Michael Bischoff, CFP® & COO
Gary Webb, RFC® & CEO
Dave Verbeke, Investment Advisor
Crystal Enderson, Insurance Consultant
Michelle Brennan, RP®
Ryan Cobb, Associate Advisor

A Summer Full of Volatility

The headlines in the news continue to control investors and their decisions. Over the years, I have learned that uncertainty is inevitable and will happen every year at some level. Today, again, uncertainty is high and events are happening daily that affect the entire market. The only stable asset is cash, and people continue to invest into cash at almost a zero rate of return. It is easy to listen to the news and react. This decision may not always be the best over time. As shown over the past few years, investor sentiment has bottomed each year. This has led to low points in the S&P 500 index in 2010, 2011, and again in 2012. Six months after each low point there have been positive returns. As difficult as it is to see account statements go down in value, investors who buy or hold when others are selling usually benefit more than those who sell during volatile times. Ten to fifteen percent market volatility is normal and that's what were experiencing. I expect the S&P 500 to be at higher levels before year-end for the third straight year.



Michael Bischoff, CFP®



The S&P 500 index is made up of the largest US companies and provides the best representation for the US stock market.

As the newest addition to the Webb Financial team, I'd thought I would use my first column to introduce myself and tell you about my background. For the last 14 years I worked in the business to business sales area with Automatic Data Processing (ADP). ADP provides payroll, human resources and 401k administration to businesses. Previous to coming to Webb Financial, I was working in the 401k division of ADP providing administration and consulting services for retirement plans. As part of my career planning, I completed the education requirement for the CFP and obtained my insurance license for life, accident and health insurance. At Webb Financial I'll split my focus between increasing our 401k plans under management and working with individuals on financial planning, insurance and wealth management.



Dave Verbeke, Investment Advisor

You should be on the lookout for a surprise on your next quarterly 401k statement from your employer. With the Department of Labor 408(b)(2) going into effect on 7-1-2012, all participant fees for your 401k plan now have to be disclosed to you on a quarterly basis. There are three fees or costs to look for: plan administration expense, investment expense, and cost for financial advice. These fees have always been in the plan but were usually difficult to find on your statement. They will now be clearly disclosed to you on your quarterly statement. As the plan sponsor, your employer is required to monitor the costs and make sure they are competitive. Costs do vary by plan size with smaller plans generally having a higher cost than larger employer plans. If you have specific questions on your plan costs your HR department should be able to provide help.