

## Investing in 2017: Finding a Solution That Works For You —

**W**hy do we need to know how to save and invest? Women have many financial challenges throughout their working lives, which leads to reduced retirement savings and lower Social Security benefits. Then there's the longevity issue: women will need more money to live out their longer lives and they often overlook (but need to be prepared to address) their future health care costs. This is a big ticket item for many older women.

For decades, many people thought the way to save was by putting their money into safe places such as their local banks and certificates of deposits, where deposits were insured by the Federal Deposit Insurance Corporation (FDIC). One of the advantages of this method of saving was that it was clear cut; your deposits were protected from loss, and you didn't have to worry about how the product worked. There were times when interest rates were high and certificates of deposits paid returns of 11% or higher.


Life is more complicated today and so is saving and investing. Women need to learn how to take a balanced risk to achieve growth. Research shows that women lack confidence and tend to be more cautious about investing than men. But if women are more likely to avoid stocks and look for less risky assets, they will experience lower returns on their IRAs and 401(k) investments leading to lower balances over time. Some studies find that women have less financial capability than men, but the gender difference in risk-taking behavior is mixed. Being cautious may also be due to women's greater financial disadvantages over their working lives.

### Target Date Funds

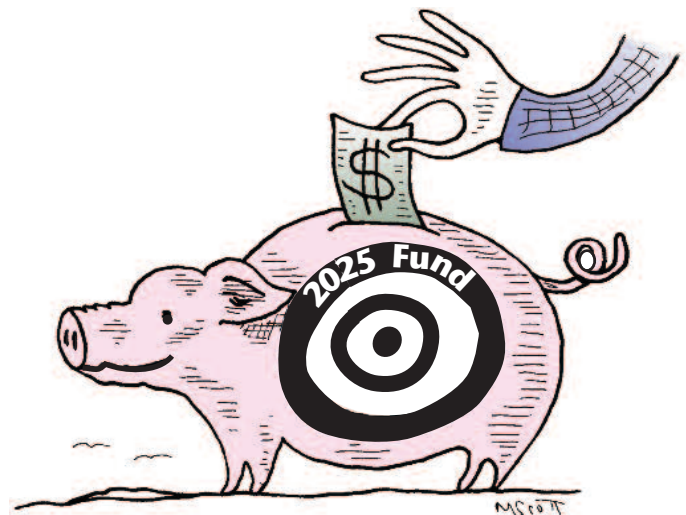
Successful investing takes time, knowledge and skill. It can be a challenge to understand how to diversify to achieve your retirement goal. One way to simplify investing, especially if you don't know where to start, is with a target date

fund. Target date funds offer a sound investment strategy that makes saving for retirement easier. It's a fund that follows a predetermined mix of assets such as stocks, bonds and real estate and it rebalances the risk. The fund becomes more conservative as you reach the date when you expect to retire. For instance, a 37-year-old who plans to retire in 2044 would probably invest in the 2045 fund.

Over time, the fund's professionals also adjust the allocation to respond to the conditions of the stock market. Critics may find that this type of autopilot approach does not suit everyone but it is especially helpful for those who are inexperienced and have no idea how to invest over a period of 20-30 years. If you want to take more risk you can choose a target date fund with a later year which would invest more in stocks. No matter what fund you choose, know what fees

you are paying and how the assets are weighted. Fees will make a huge difference over a long time horizon. Most importantly, like other mutual funds, target date funds do not protect you from loss or guarantee a certain rate of return. They do help the average investor keep their funds balanced, but, you still need to pay close attention. 

*A Target Date Fund... follows a predetermined mix of assets... and it rebalances the risk becoming more conservative as you reach the date when you expect to retire.*



## From WISER's President



Dear Reader,

Part of what makes retirement planning a challenge is that we are often planning for the unknown. Things like how long we'll live,

how our investments will perform, and what healthcare we'll need are questions we don't have definite answers to, yet we still need to factor them in.

This issue offers ideas on planning for the unknown, including the use of target date funds to help balance your long-term investments, and tips on preparing for long-term care needs. A personal story about one woman's experience with unexpected dental expenses in retirement also provides some important lessons. We can't predict the future, but the more we plan ahead, the more prepared we will be for life's surprises.

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# WISER

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## From the WISER/Administration on Aging's NATIONAL RESOURCE CENTER on Women & Retirement Planning

### Administration on Aging Releases 2016 Report

*A Profile of Older Americans: 2016* documents a 30% increase over a decade in the population age 65+ for a total of 47.8 million seniors. Women make up 55% or 26.7 million of these seniors and their median income is \$18,250. This is only 58% of the median income for men which is \$31,372. The major sources of income reported by older Americans are Social Security, (84% reported receiving it), while 37% rely on private pensions, 16% rely on government pensions, 62% receive assets and 29% receive earnings. Almost 9% of older adults were below the poverty level in 2015.

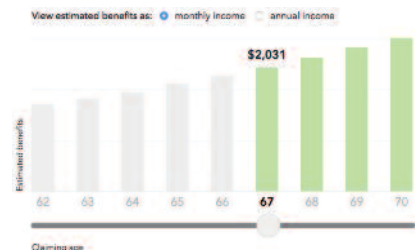


### New Debt Counseling Hotline Now Available

The National Council on Aging (NCOA) has partnered with the non-profit GreenPath Financial Wellness to create a debt counseling hotline. This new option for customized debt management, money management, budgeting, and financial counseling services are all tailored specifically to older adults. Clients can talk to a certified counselor by calling 1-866-217-0543. All calls are free and confidential.

### Retirement Tool Helps You Figure Out Your Options for Claiming Social Security

The Consumer Financial Protection Bureau has a **Planning for Retirement** tool that can help you estimate your Social Security monthly benefit. Social Security is a key source of retirement income for most Americans, yet many workers do not know how much their benefit will be or what their options are for claiming it. Using the tool, you can shift back and forth between the different claiming ages as you navigate the options for when to start receiving benefits. The tool is available at [consumerfinance.gov/retirement/before-you-claim](http://consumerfinance.gov/retirement/before-you-claim). The age you start your benefit has a permanent effect on the amount of money you'll receive each month – know your options!



### Social Security Number Removal Initiative

A law was passed in 2015 to protect Medicare beneficiaries from identity theft. A new system will no longer link Social Security numbers or other personal information to medical records. The Medicare and CHIP Reauthorization Act (P.L. 114-10) requires the Centers for Medicare and Medicaid Services to remove Social Security numbers from Medicare cards by April 2019. A special identifier called the **Medicare Beneficiary Identifier (MBI)** will replace the Health Insurance Claim Number. New Medicare cards will be issued during the transition period from April 2018 to April 2019. Beneficiaries and medical providers will be able to use either the new MBI or the health insurance claim number for transactions.

# Dental Costs: A Major Financial Shock for Many Retirees —

## Fran Toler's Story — One Dentist, Two Specialists, Two Surgeons and \$40,000 Out-of-Pocket

For too many years, I had what seemed like a small problem: a clicking jaw. The clicking was the result of a small mouth and a terrible overbite. My dentist advised daily exercises and wearing a night guard. There was no improvement. So, my dentist referred me to a specialist who fitted me with a special device. By the way, none of this was covered by my dental insurance so I was paying all out-of-pocket costs.

When the first specialist had done all he could do, he referred me to a surgeon who detailed a torturous technique/surgery (which also happened to be experimental) for fixing my jaw. I declined that surgery and returned to my dentist and continued the treatment that he and I had agreed upon earlier. Unfortunately, the situation grew worse.

A second surgeon offered a new and promising technique. By this time, I had just retired from my job but I had continued both my medical and dental insurance. Unfortunately, I learned too late that neither of these policies would cover the procedure.

I agreed to the new surgery option as I could barely open my mouth. The surgery was to fix the jaw problem and correct my overbite. The surgery succeeded in fixing my jaw, but the overbite surgery failed, resulting in more crowns and implants—essentially, a new mouth—costing lots of time and money.

While I was planning for my retirement I was aware of uncovered health care costs and extra medical expenses. I thought I was prepared. What I wasn't prepared for was starting out retirement with \$40,000 of uncovered dental costs.

**Some advice:** Take care of every possible dental or medical need while you are still employed. Contribute to a Health Savings Account if you have access to one, or set up a

retirement emergency fund for unexpected expenses that you will encounter *after* you stop working. Replacing the furnace or needing a new mouth will eat up your savings. A Society of Actuaries survey found dental expenses were the second item on the list of financial shocks — ranking below home repairs.



### What I wish I'd known:

Medicare does not pay for dental or vision so find out exactly what your medical and dental insurance will cover as you age. Get the best you can afford – don't opt for bare bones coverage. If you have a health savings account, check if you can use it to defray costs.

Take care of your teeth and get a second opinion. Had I worn a night guard earlier, I might have saved myself a great deal of discomfort and money.



### Before You Retire

- Take advantage of any dental plan offered by your employer or any association.
- Investigate local dental practices that may offer in-house discount plans.
- Consider delaying retirement to set aside money for a “dental emergency fund”.

### After You Retire

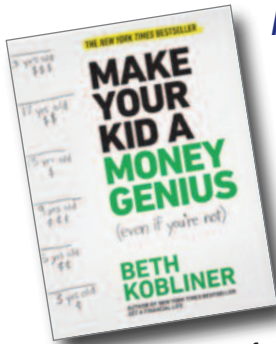
- Visit [www.healthcare.gov](http://www.healthcare.gov) to learn about Dental Insurance and Dental Savings Plans.
- Look at [www.FAIRhealth.org](http://www.FAIRhealth.org), which provides estimates of dental costs in every state.
- [Toothwisdom.org](http://Toothwisdom.org), a state by state listing of affordable low-cost dental care.
- Qualified Community Health Centers may provide dental care to low-income seniors. To locate a nearby center, visit [www.findahealthcenter.hrsa.org](http://www.findahealthcenter.hrsa.org).

### Did You Know?

An American Dental Association report found that one in four Medicare beneficiaries said cost is a higher barrier to dental care than it is for any other type of medical service.



## Great Reads from WISER Friends: Kids to Octogenarians



### **MAKE YOUR KID A MONEY GENIUS (Even If You're Not)**

by Beth Kobliner

Parents these days are happy to talk to their kids about a range of tough subjects—except money. When it comes to the “financial facts of life,” most of us freeze up, run out of the room, or simply hope they don’t ask. Emotions run from terror to embarrassment when it comes to having the “money talk” with our kids, because we all have misgivings about our own money habits and financial skeletons in our closets.

Time is of the essence, though, which is why you need to begin educating on the principals of smart money management now. Studies show that by the age of three, kids already grasp basic money concepts, and by age seven concrete habits that help kids manage money are already set.


Kobliner, a personal finance expert and author of the *New York Times* Bestseller, *Get a Financial Life*, offers a practical guide for parents full of jargon-free advice that teaches them how to instill good habits like a strong work ethic, the ability to exert self-control and to weigh our choices carefully, working toward distant goals, and a charitable spirit. It is an indispensable guide for parents and kids from 3 to 23 with sound advice delivered in a fun, relatable manner.

### **80 Things To Do When You Turn 80**

Edited by Mark Evan Chimsky

According to a 2015 UN report, the global population aged 80 or older is expected to grow from 125 million in 2015, to 202 million in 2030, and to 434 million in 2050. In *80 Things To Do When You Turn 80*, a new book from Sellers Publishing, 80 notable achievers reveal how they have meaningful, dynamic lives at age 80 and beyond.

Thanks to the generosity of the contributing authors, all of whom provided essays on a pro bono basis, the royalties generated from the sale of this book will be donated to nonprofit organizations dedicated to preventing and curing cancer.

The essays in the book cover all aspects of life, including: Making Each Day Count, Being Resilient, Challenging Yourself, Meaningful Work, Keeping Creative Juices Flowing, Staying Active, Travel, Spiritual Lessons. 



## New Research on the “Lump Sum vs. Annuity” Decision



A new study released by MetLife, called the *Paycheck or Pot of Gold Study*, adds new insights to the discussion and debate around helping employees understand the importance of having guaranteed lifetime income. The research was designed to understand individuals’ attitudes and decision-making when choosing between a lump sum and an annuity from their workplace retirement plans, including whether their experiences were in line with their original expectations. Among the key findings, one in five individuals who took a lump sum either from a DB or DC plan (21%) reported that they had depleted their lump sum and did so, on average, in 5½ years. Access the full report at [metlife.com/paycheckstudy](http://metlife.com/paycheckstudy), and read more about annuities in WISER’s guide, *Don’t Run with Your Retirement Money* at [wiserwomen.org](http://wiserwomen.org).

### Did You Know?

Determining how one’s pension benefits or retirement savings should best be distributed can be one of the most important and impactful decisions someone can make regarding their retirement income security.

# Already Paying for Your Parents Long-term Care Needs? —

## Filial laws could add another layer of stress for family caregivers.

Longer life spans mean that many retirees, particularly women, are more likely to need long-term services and supports (LTSS) and more likely to outlive savings. Recent research finds that about half of seniors will need a high level of assistance before they die and typically will need this care for two years. But, fewer than 10% of Americans are saving for long-term care needs.

At age 95 and older, almost half of that population—known as the “old-old”—live in nursing homes, and nearly all are women. **After a hospitalization, Medicare will pay for a short rehabilitation stay in a nursing home, but Medicare does not pay for long-term nursing home care or for assisted living.** Nursing home care is expensive and more than one-third of nursing home expenses are paid out-of-pocket by individuals and their families. The cost of this care can quickly impoverish most individuals.

**Medicaid helps cover nursing home costs for those with low income and few assets.** Medicaid is the primary payer for more than 60% of long stay nursing home residents. Because of the income and asset restrictions as well as the complexity of determining Medicaid eligibility, most people enter a nursing home first as a private pay patient.

### How You Can Prepare for Future Care?

Families need to get involved early and work with elderly parents to understand their health situation, finances, and

the availability and costs of long-term services and support in their community. Knowing the resources and the options available can help avoid a panic when an emergency medical situation hits. Consider how routine daily tasks would be handled – shopping, meals, transportation, medical care, home repair, house cleaning and help with financial tasks such as paying bills. A written plan reviewed regularly is a necessity especially as the health of the older adult inevitably declines or other family circumstances change.

*Nursing home care is expensive and more than one-third of nursing home expenses are paid out-of-pocket by individuals and their families. The cost of this care can quickly impoverish most individuals.*

### Filial Responsibility Laws

A lesser known issue is that some adult children could be forced to pay for their parents’ long-term care through state “filial responsibility” laws, which require adult children to support their indigent parent. Thirty states have such laws, which obligate adult children to provide necessities such as food, clothing, housing and medical attention to an indigent parent. The laws vary, but generally do not require children to provide care if they do not have the ability to pay. The laws have rarely been enforced, but that could change as states cope with the increasing burden of nursing home costs on Medicaid budgets. In fact, some cases are already starting to pop up.<sup>1</sup> 📄

1 Under the Nursing Home Reform Law, a facility cannot require that someone other than the resident sign as a responsible party. The Nursing Home Reform law also requires the facility to assist the resident in applying for Medicaid.

## WISER Celebrates AoA's Older Americans Month with Social Security and Medicare Benefit Milestones Infographic



The Administration on Aging announced the Older American’s Month 2017 theme: *Age Out Loud*. It is intended to give aging a new voice—one that reflects what today’s older adults have to say about aging. To honor this month, WISER’s infographic helps identify key milestones in the process of applying for and receiving Social

Security and Medicare benefits. Despite the importance of these programs in retirement, many people do not take the time to understand even the basics—this can be costly!



View and share this graphic which can be downloaded at [wiserwomen.org](http://wiserwomen.org). Look for it in either the Social Security or Healthcare sections of the website where you can also find more information on Social Security and Medicare. 📄

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## WISER Board Member Anna Rappaport Awarded Prestigious *Lifetime Achievement Award* by Plan Sponsor Council of America

Anna Rappaport, a member of the Board of Directors of the Women's Institute for a Secure Retirement, received the Plan Sponsor Council of America's prestigious Lifetime Achievement Award at the 70th Annual National Conference held in May in Chicago.

"Anna is a luminary in the field of retirement planning and security. Her career spans 50 years, and her remarkable contributions to the needs of women and at-risk individuals have changed the lives of countless people," said WISER President Cindy Hounsell. "Anna is an integral part of WISER's success, lending her impressive policy and technical expertise to the development of our innovative programs and outreach efforts to at-risk groups, including low and middle-income women, women of color and the disabled. We owe much of our progress to Anna's thoughtful leadership on our Board of Directors."



The Plan Sponsor Council of America *Lifetime Achievement Award* honors individuals for their part in the growth of the defined contributions industry. 

## WISER's Mission

To improve the long-term financial security of all women through education and advocacy. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women's opportunities to secure fair pensions and adequate retirement income through research, workshops, and partnerships.

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**Next Issue:** Elder Financial Fraud and Abuse; and Index funds/ Investing in 2017