

## Will you work after retirement?

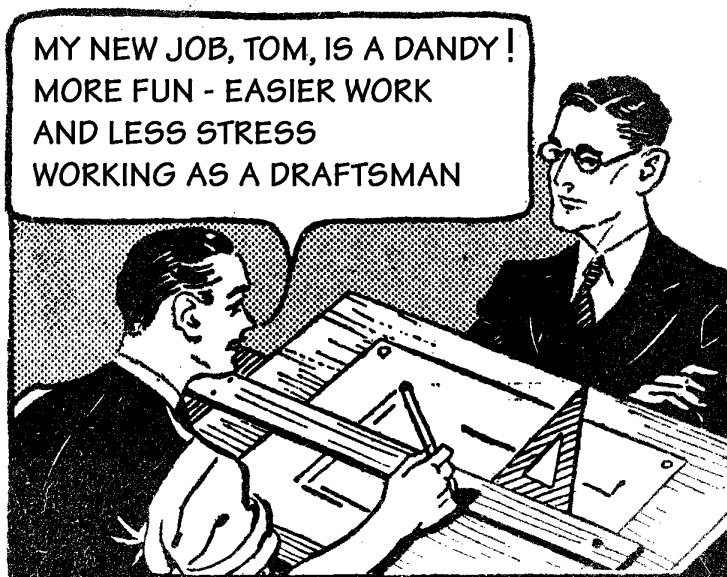
Millions of men and women today have chosen an alternative to full-time employment or full retirement. It's called semi-retirement. Whether doing part-time sales; two-day-a-week consulting; greeting customers at department stores; substitute teaching; you name it -- more and more of today's retirees are far from retired.

Semi-retirement can be especially attractive for doctors, who may elect to do clinic work two or three days a week, share their years of experience in a hospital's continuing education program, or try their hand at something totally different.

### Retirees work for several reasons:

- **They want to stay involved**, especially if they are in good health. If you retire in your 60s, your retirement could span three decades or more. Between 30,000 and 50,000 people have already crossed the hundred-year mark. By 2050, America is expected to have more than 800,000 centenarians (*New York Times*, June 22, 1998). In the words of one 70-year-old physician: "Why would I want to stop working completely? I ski in the winter, travel in the summer, and between all that I have an attractive part-time contract at the hospital. I still have much to give. And by working part-time, I maintain a social and psychological balance."

- **They want the money.** Some work to pay for extras, to help finance travel for themselves or gifts for grandchildren. Others see part-time employment as a way to take the pressure off a too-small nest egg. For example, if you retire at age 65 and work part-time for the next



10 years, earning \$35,000 a year, that throws an extra \$350,000, before taxes, into your retirement equation. It also can slow the rate of withdrawal from your retirement funds.

**How can you make semi-retirement work for you?** Whether you are several decades away from retirement or already reserving a mid-week tee time on the golf course, here are several points to ponder:

**If you are still years from retirement**, now is the time to map out a semi-retirement strategy. It is crucial not to view semi-retirement as a substitute for retirement savings. You never know how long you will be able to work. Make semi-retirement an option, not a must-work necessity.

**Keep stockpiling money** for your future while you are still working full-time. Make maximum contributions to such qualified vehicles as employer-sponsored 401(k) plans, profit-sharing plans, IRAs, and, if you are self-employed, your Simplified Employee Pension. Also consider annuities and

other investments. The money you put aside while you are young will help provide a secure retirement when you are older.

**If you are already dreaming about slowing down** and are considering semi-retirement as an option, plan before you act.

For instance:

**Research your work options.** While once a novelty, "Full-time Part-time" and job-sharing arrangements have now become the norm in many areas. Example: A pediatric ward at one hospital has 85 employees...all but three work part-time.

In another example, a doctor took on no new patients at his practice and, for \$500 a month, "donated" his services to a retirement home for Catholic nuns. (Following a stroke at age 80, he became a resident and is now cared for by the sisters.)

You might also want to consider getting "outside the box," so to speak, and trying something totally different. As some medical people who have taken up new careers in retirement explain it, they love getting away from the life and death responsibilities of medicine. This may help explain why one MD, an avid fisherman, today works three days a week -- one at an HMO and two as first mate on a charter boat.

Another, an athlete and cycling enthusiast, took a post-retirement job at a local bicycle shop. He admits that, at \$10 an hour, the appeal certainly wasn't the money, but "I really like working with happy, healthy people after 35 years of treating patients."

...continued inside

# Oops! Someone forgot to change a policy beneficiary

**Sometimes, minor oversights can have tremendous consequences.** Take life insurance, for example. Most of us select our beneficiaries when we buy a policy... and then never give it another thought. That could be a big mistake. Here are some fictional examples that illustrate why:

*Your ex-son-in-law will love you!* Roy designated his daughter and son-in-law by name as sole beneficiaries. The couple went through a bitter divorce. When Roy died, the ex-son-in-law received half the proceeds. Oops!

*"Dude! My ex-in-Laws  
Lest me a pile of money!"*



*Your youngest children may never forgive you!* When Bob and Mary's first son was born, they bought life insurance on their lives. They named each other primary beneficiaries and Bob Junior as secondary beneficiary. Tom arrived three years later. Never named in the policy, Tom was inadvertently -- though no less effectively -- disinherited by his parents. Oops!

*Your ex-spouse may be forever grateful!* Harry and Lucy went through a painful and financially devastating divorce. In dealing with the mountain of paperwork sometimes described as "The Great Divide," such minor details as life insurance beneficiaries were overlooked. When Harry died several years later, Lucy was delighted to receive several hundred thousand dollars in life insurance proceeds. Harry probably rolled over in his grave. Oops!

*Your new spouse may fail to find the humor in your oversight!* Cal divorced his first wife and then married again several years later. However, he never got around to changing his insurance beneficiary designations. After a happy 20-year marriage to his second wife, Cal died. Imagine the smile on his ex-wife's face when she learned about Cal's oversight. Imagine his widow's predicament. Oops!

*Your new family might feel a bit cheated!* David had had no contact with the children from his first marriage for years. Meanwhile, he

married Rita and had three children, all under 15. Unfortunately, he had failed to do a change-of-beneficiary on his life insurance. When he died, his grown children received all the proceeds, while his minor children and Rita received nothing. Oops!

*Your deceased beneficiaries don't need the money!* Connie wanted her life insurance proceeds to go to her daughter, for the benefit of Connie's grandchildren. The rest of her estate was to go to charity. The daughter, named as beneficiary, died several years prior to Connie's death. Since there was no living beneficiary named, the proceeds were paid into Connie's estate. The grandchildren and the charity became embroiled in a legal battle that delayed distribution of any estate assets for nearly ten years. Much of the estate, when finally distributed, had been consumed by legal fees. Oops!

**Reminder:** The insurance company cannot determine your intent. It must pay out proceeds as designated in writing. If there is a conflict or ambiguity, the company will retain the proceeds in trust until the dispute is resolved. As a result, what may seem like a minor oversight can actually cause your intentions to go astray and lead to dire financial hardship for your loved ones.

**Recommendation:** Review your life insurance designations as soon as possible to make sure they reflect your intentions. Most of all, make sure the designations are clear and unambiguous. Your loved ones' financial futures may depend on it. ■

## Work...continued from front page

**The key:** Find work you enjoy and that gives you the freedom to set your own hours ...with enough time off to enjoy your retirement.

**Bonus:** The Social Security penalties on post-retirement earnings are being repealed this year. In the past, earned income could reduce your Social Security benefits dramatically. Those limits have

been removed. Still, keep in mind that while you can begin taking Social Security as early as age 62, the longer you delay, the greater your benefits will be.

**Today, semi-retirement has become an increasingly attractive option** for many Americans -- a time to explore new avenues and lifestyles. As a physician, you have greater flexibility than most

people, since your skills and experience are always in demand. So, take the time to plan...and enjoy the trip. ■

Would you like information about your Academy's Group Disability Income Insurance? Call toll-free: (800) 325-8166. There is no cost or obligation. No sales person will call.

# Your home: your best investment

**Casting about for a good place to invest your money?** In the words of Dorothy in *The Wizard of Oz*, “There’s no place like home!”

**Thanks to a hot economy** and a robust stock market, the country is in the midst of what could be called investment mania. Many people are looking for hot tips on investments. Some go for the exotic, overlooking one of the smartest and yet uncomplicated investments available – paying down the mortgage on their homes.

**Investing in your home makes good financial sense.** Explains financial strategist James Lowell in his book, *Smart Money Moves* (Penguin Books, 2000): “I am not a great believer in investing in real estate other than your own home, at least until your own home is free and clear.”

**That’s why many people are opting to pay down their mortgages** on an accelerated basis. Note: Before you do this, check with your lender to make sure there are no pre-payment penalties.

**Here are six reasons** to put your money into mortgage reduction:

1. It’s a simple, flexible investment that everybody understands. It has nothing to do with risk tolerance or price/earning ratios. When you make your regular mortgage payment, simply pay an additional amount and tell your lender to credit the extra toward reducing your principal. You can be flexible in your auxiliary payments, and pay \$20 additional one month, \$2,000 another, nothing the next. With every payment, you reduce principal owed and build up equity.

2. It can save you money in reduced payments and interest. Example: If you have a \$100,000, 30-year mortgage at 7.5% interest, your monthly payment will come to about \$700. Over 30 years, if you simply make scheduled mortgage payments,

you will pay \$151,717 in interest. However, if you pay an additional \$100 a month to reduce principal, you will save \$56,312 in interest AND you will retire the mortgage eight years early...saving \$76,800 in out-of-pocket payments over that period.

3. You immediately build equity and total net worth with each additional principal-reducing payment. If you pay \$1,000 to reduce principal, you build that amount in additional equity.

4. Your home is an investment that pays dividends every day in lifestyle, quality of life, sheer utility. It is your most practical, useful investment.

5. It’s more than a shelter...it’s a tax shelter. You can deduct 100% of interest paid. Plus, thanks to the Taxpayer Relief Act of 1997, you can generally exclude from taxable income up to \$250,000 of capital gains (\$500,000 for couples) when you sell.

6. It has long-term growth potential. Single-family homes have consistently enjoyed long-term appreciation.

So, before you look for an exotic place to invest your money, think about putting it into your home. This is not to say that you should ignore other wealth-building choices, such as profit-sharing plans or IRAs. However, consider rounding out your portfolio with the best real estate property you will ever own – your home.

**Footnote:** Be sure to protect your investment. Not only should you carry adequate homeowners coverage, but remember that life insurance and disability insurance can be used to help retire the balance of your mortgage or meet payments if you should die prematurely or become disabled. ■

## WHAT IT COST: THE PRICE OF A NEW SINGLE FAMILY HOME

1954	1974	1994	1999
\$10,625	\$35,900	\$154,000	\$197,000

Source: Bureau of Labor Statistics



# Your FINANCIAL HEALTH

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## FINANCIAL FOOTNOTE...

**Women, what will happen to your husband and children if something happens to you?** Many women continue to underestimate their economic worth to their families by carrying little, if any, life insurance on their lives. According to the Life Insurance Marketing and Research Association's 1998 Ownership Survey, only 67% of married women own any life insurance at all. Of those that do, the average amount is just half the amount of that for men. Help protect your family by reviewing your life insurance needs today.

"Steal me!"



### Women can beat the odds against becoming a purse-snatcher's victim:

Keep your pocketbook at your feet or on your lap when in a restaurant. Slinging it over the back of your chair is like hanging out a sign that reads, "steal me!" ■

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## Your FINANCIAL HEALTH

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