

THE Trade: Work Longer or Live on Less

Unfortunately, a very large part of the Baby Boomers have saved too little for retirement, and they are fast approaching the time when it may be too little to save any significant amount. Perhaps there's enough savings to replace an aging automobile, redo the roof, re-carpet and paint the house, but little else to spend on a regular basis. If they divide the remaining savings by the twenty or thirty years they might live, they'll get a rough idea how much they can spend every year in addition to receipts from their Social Security. That translates to something less than needed for health care for many who write me wondering what they should do.

If there ever was a time to work longer to delay the start of Social Security, this would be it for them. We know far too many people who started to take their Social Security because they "had to." The difference between their working and retirement lifestyles will be huge. It won't be long before those who started at 62 will be longing for the additional 75% of income they could get if they were able to wait till age 70 to start. They will never be able to buy an annuity as inexpensive, nor with spousal and survival benefits anywhere near as good as what a delay in starting Social Security will cost.

But now that many are on this low income course, the question is what alternatives they have. If in a college town, renting out a room to a student may be practical. More common is to get some kind of work to supplement the Social Security. How about delivering flowers, become a handyman, teach lessons about something, do auto detailing or sell crafts? We know early retirees who have done these kind of things and more. Sure, there may be a reduction of \$1 of Social Security for every \$2 earned above a certain amount, but after about age 66, the SSA will make an adjustment to make up the difference over their expected life. Doing a little work also keeps people active and off the couch.

Staying off that couch relates to the second thing to do. That's to get in the best shape that's possible before and after retirement. Uninsured health care bills are atrocious, particularly dental bills which are not covered by Medicare, nor by most private Medicare supplement plans, otherwise called Medigap policies.

That quickly brings us to the third point. If your employer covers dental costs, get as much dental work done as possible before retiring. If your teeth are not in very good shape, consider getting a total mouth implant. That may cost you a significant amount of money, but it will be a fraction of what you'll pay later for root canals and crowns. And it's a lot better than false teeth.

Now is the time to plan on downsizing your home. It's not just that you'll need to build your cash reserves, you've got to find a place with minimum utility bills, maintenance costs and property taxes. Consider living with a child or sharing a place with someone else or Section 8 public housing if your income is really low. Forget keeping a room for the kids to come back to. They can sleep on the couch or an air mattress or at a motel. We bought a small home from a company executive that didn't want his kids to stay with him. We ended up adding 200 square feet so someone could squeeze in.

Your most expensive utility bills may be your phone, internet server and television provider. Consider abandoning the landline phone and cutting back to one cell phone or vice versa. Go to a public place that has free WiFi for your internet work. If you absolutely must have TV, get the lowest cost provider and option that you can. Maybe that's not having any server at all and getting only the first 13 channels with rabbit ears. Turn the heat down and wear sweaters. Limit the amount of hot water you use. Open the windows on a hot day or sit outside in the shade. That's what we did as kids in those hot humid days in St. Louis when air conditioning was unheard of.

The fourth thing is to learn to garden and can your own food. If you don't have room for a vegetable garden, search for a public pea patch and reserve a spot. Or try talking a relative into letting you use some of their property. Or even do as much as you can with some large flower pots. Start learning about square foot gardening. This has to be followed by old fashioned pressure cooking in mason jars as

well as drying fruits and vegetables. We have a delightful 90+ lady friend who got through some very bad times by buying a used book called *365 Ways to Serve Jell-O*. Eating Jell-O every day, together with her garden produce, kept her and her husband alive on an absolute minimum food budget.

You are going to have to give up eating out. Think instead about old fashioned picnicking. You'll need a basket, table cloth and some soft cushions to add a touch of comfort if you can't find a public park with picnic tables. And you'll have to learn to bake again. That's better than a food bank.

The next challenge will be to find very inexpensive entertainment. Start with outdoor activities like hiking or biking. Fishing is great. Consider using the library for reading materials. Get some table games to keep your mind active. Or get into Scrabble. Rent a movie on a special occasion. Play cards with friends and go to relatives just to talk—and talk. That's what my folks did. The men were in one room and the ladies gathered around the dining room table. The chatter would last until the wee hours.

How about clothes? Jeans, a sweat suit and a church outfit will be pretty much it. They can bury you in the latter if you don't use it for church or the weddings of your children and grandchildren.

How about Christmas and birthday gifts? If any, they are going to be homemade. Perhaps something that you've grown, canned or baked. Or maybe an offer to do some work for them.

Then there's the matter of cheap transportation. You don't need a second car—or maybe even a first car. You can use public transportation. Buses and trains are heavily subsidized by those who are paying taxes, so you might as well take advantage. You won't have parking costs either.

I can almost assure you that everything else will pale in comparison to what you will pay for uninsured medical costs unless you have spent down virtually all of your savings and are eligible for Medicaid. You'll be no different than the rest of us who have trouble finding a doctor that will take Medicare. The continuous decline in the number of general practitioners and geriatric doctors is exacerbated by the climbing number of aged people who need the care the most. Medicaid is even tougher to find a doctor. Expect long waits for appointments. Look for dentists who will do pro bono work.

We have some friends who live on welfare in government subsidized housing subject to periodic upkeep inspection and a number of rules about guest visits and the like. In our area they arrange for an Access Bus to take them to doctors' appointments. A visit to the doctor is a whole day event as is a trip to the grocery or drug store. Phone calls are limited to a certain amount of minutes a month, and they pay for food with cards that have replaced food stamps to save embarrassment.

This is not to say that you can't be happy living on very little, but I can tell you that those who are trying to get by on SSI or age 62 Social Security live a very different life than when they were young, working and had some change in their pocket. Retirement may last twenty or thirty years, so you may want to reconsider that decision to retire early. Few of those that are poorly prepared for retirement have ever used a retirement computer program or consulted a Certified Financial Planner, CFP. A visit to a CFP could be your best retirement investment.

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