



Elder Law: So, You Want to Retire!

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By Julian Gray and Frank Petrich

In our practice, we often get asked to assist clients in helping them plan for, or even keep them, in retirement.

What's been striking is how often little thought has been given to the process, especially considering the length of time one may spend in retirement. Many of our clients may be faced with 35 or more years in this stage of their life. How they prepare for it and how they enjoy it can be challenging, especially without some appropriate planning.

Because so much of the ability to enjoy retirement is finance based, let's look at some of the financial considerations. Start with the most obvious, but, often the most overlooked: a budget.

Take a look at your income sources: what they are and how much income can they generate. When will it be best for you (and your spouse, if applicable) to take Social Security benefits: age 62, your full retirement age or at 70? It can make a substantial difference. From where will other income come? IRAs, 401ks, pension (how many of these are still around?) annuities and/or a part-time job?

Now that you have some idea of how much money you may be able to generate, how much are you going to need?

If you haven't already done so, keep track of your expenses for at least one year by detailed broad categories such as automobile, clothing, donations, education, gifts, groceries, health and beauty, household, medical, miscellaneous, recreation and taxes. Each of these categories can be further subdivided as finely as you would like. Remember the old Slovenian proverb: You can't get to where you want to if you don't know where you've been.

Now, how about a reality check.

Some recent studies have found that aging adversely affects cognitive ability on financial decision-making especially after age 80. So, as part of your planning, create an estate plan that provides you with a trusted person (agent under a Power of Attorney) who could step into your financial shoes if needed, along with your having a good financial adviser.

Also, what debts do you have and which of those can you eliminate before you retire? No debt is usually good debt.

One of the biggest wild cards for retirees is the escalating cost of medical care. Some estimates for a 65-year-old couple suggest \$300,000 will be needed over their remaining years. What Medicare plan are you going to choose; how much are you willing to self-insure in the form of co-pays, coinsurances and deductibles? Have you looked at helping to protect some of your unknown significant long-term care costs by purchasing long-term care insurance? (It's been estimated that 70 percent of retirees will spend some time in a long term care facility).

We'll just touch on a subject which we will address further in another column — housing. Are you planning on aging at home? Can you? And, at what cost to make your home accessible? Or, are you looking to relocate? This may be one of your most difficult decisions, so think it through and plan well.

Happy Anniversary: How about a shout-out for the 50th anniversary of the Medicaid and Medicare programs on July 25! Many readers are no doubt enjoying the benefits of one or both of these programs (as is one of us).

Julian Gray and Frank Petrich are both certified elder law attorneys with over 60 years of combined elder law experience who practice in the Pittsburgh area at Gray Elder Law. Send questions for consideration in this column to elderlawguys@grayelderlaw.com