

# SOMEDAY IS NOW

THE BABY BOOMER'S  
NEW VISION OF RETIREMENT

TRUST NORTHERN FOR WHAT REALLY MATTERS



Northern Trust Investments



Someday I will start a small business doing what I love to do . . .

Someday I will live where it feels like every day is a vacation . . .

Someday I will travel the world with my family . . .

### **Someday is Now.**

How confident are you that you will be able to live the way you imagined?

If you're like many Baby Boomers, when you look to the future, you do not see retirement. You see a long life full of the activities you enjoy — and you are not willing to wait until your wealth-building years are over to begin enjoying them.

But living the way you want to live takes resources. By working with your financial advisor to identify and prioritize your “Someday” goals, you can begin the process of crafting personalized strategies for reaching them — strategies that utilize the investment vehicles most likely to take you where you want to go.

**You are likely to live longer, work longer and enjoy life longer than your parents. As a result, the concept of “retirement planning” may be almost irrelevant. It’s about finding the best balance between pursuing long-term financial goals and living each day to the fullest.**

## YOUR GENERATION IS PIONEERING THE NEW RETIREMENT

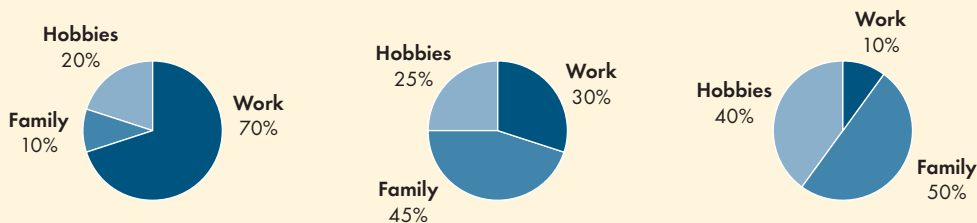
In investing, there is no “one-size-fits-all” portfolio that works for each individual. To an ever-increasing degree, the same holds true for retirement.

The view of retirement has traditionally been: 1) at a specific date in the future; 2) when you reach a certain age; 3) stop working and 4) begin doing what you really want to do. But this view of retirement as an either/or proposition applies to fewer and fewer people:

- A number of today’s workers intend to work well past the traditional retirement age because they expect they will need to.
- Others expect to work full-time indefinitely because they are in no rush to “sit on the sidelines.” They find mental and social engagement and true meaning in their work.
- Still others will look to stay involved with work, but begin to withdraw gradually from formal employment in their 40s or 50s to accommodate other interests.

### LIFE ALLOCATION

Many of today’s Baby Boom generation are weighing the myriad ways to balance the financial rewards of work against the desire to spend more time with family or on labors of love.



In each of these cases, the term “retirement” has very little meaning. It’s not about retiring “Someday.” It’s about balancing various personal and financial concerns to optimize *today and every day*. Just as in investing, where different combinations of stocks, bonds and cash are appropriate for different investors, many of today’s Baby Boom generation are weighing the myriad ways to balance the financial rewards of work against the desire to spend more time with family or on labors of love. Finding the right “life allocation” can mean the difference between dreaming about those “Someday” goals... and actually achieving them.

**The first step:** Take stock of how close you are to being assured of sustaining your preferred lifestyle — and, in doing so, move toward a more comprehensive and deliberate approach to getting there.



## LIVING LONGER, WORKING LONGER, ENJOYING LIFE LONGER

It's a fact — people are living longer. How does this trend toward increased longevity apply to you?

- A 50-year-old alive today can expect to live to 80.5.<sup>1</sup>
- A 65-year-old alive today can expect to live to 83.5.<sup>2</sup>
- There is a one-in-two chance that one member of a 65-year-old couple will live past 92.<sup>3</sup>

In addition to living longer, people are working longer. Today, it is more likely than not that someone in their 50s will work full-time past age 62.<sup>4</sup> And more than two-thirds of older workers intend to work well past age 65.<sup>5</sup>

Technology has enabled many people to live in a vacation setting while continuing to work. As a result of being able to do what they want to do where they want to do it, some may never look to retire in the traditional sense.

Last — but definitely not least — most people are also *enjoying life longer*. How do we know this? For starters, take a look at why they continue to work so long. In general, it's because they want to. For example, more than 70% of those aged 66-70 who remain fully employed are doing so because they seek to stay active and engaged, rather than to simply make ends meet.<sup>6</sup> They find meaning and enjoyment in work, and are in no rush to sideline themselves. Sounds familiar, doesn't it?

Of course, “if you've got your health, you've got everything,” and increasingly, people remain healthy enough to enjoy life well into their golden years. Between 1982 and 2004, the percentage of those aged 55-64 reporting either “poor” or “fair” health declined sharply, from 27% to 18%.<sup>1</sup> This translates into an active lifestyle for most, whether work is a part of it or not.

**What this means for you:** Talk of planning for retirement may be irrelevant, either because you love your work and don't want to stop or because you may feel you need to continue to work and are healthy enough to do so.

What is your vision? Being able to articulate it is the first step toward being able to *plan* to gain the degree of financial independence necessary to make it happen.

<sup>1</sup> National Center for Health Statistics, April 19, 2006

<sup>2</sup> Ibid.

<sup>3</sup> National Association of Insurance Commissioners, 2000 Mortality Table

<sup>4</sup> Center for Retirement Research at Boston College, November 2006

<sup>5</sup> AARP, 2003

<sup>6</sup> MetLife Mature Market Institute, April 2006

Like many boomers, you may find talk of planning for “retirement” beside the point.

## PLANNING CAN MEAN FREEDOM

For many boomers — whether dialing back in their 40s or running full steam ahead career-wise through their 80s — it's about living life to the fullest now, while being confident that they won't run out of money.

**But are you confident?** We all know that boomers are increasingly on their own when it comes to financial security. Still, most expect to meet their goals through a complex combination of assets. These include Social Security benefits, income from any defined benefit plan, defined contribution plan assets, IRA balances, and home equity. But most boomers are at a loss when it comes to knowing what their “allowance” will be in retirement.

Do you know what your allowance will be?

The question that needs to be asked and addressed: How much income do I need and will I have it? Answering this question requires goal setting and planning. Talk to your financial advisor about how the following topics play into your financial goals:

- **Financial security.** How much money do you expect to have 10 years from now? Do you know how much you should try to have “in the bank” by the time you reach age 50? Or age 75?
- **Early retirement.** Can you afford to retire now? If you do retire, do you know how much you can take out of savings each year without worrying about running out of money?
- **Healthcare costs.** Does your family's medical history point to potential challenges in the future? Are you worried that the cost of health insurance will crimp your lifestyle in retirement?
- **Funding education.** Is there a child or grandchild whose education you would like to help finance? Do you know how much you can afford to reasonably contribute toward that goal?
- **Second career.** Do you have any thoughts of changing careers to pursue an avocation (become a photographer, open an antique store . . .) or become a volunteer for a worthy cause? Do you dream of achieving something distinctive and unique?
- **Leisure activities.** How does travel fit into your desired lifestyle? Is having a second home an important goal? What activities and interests are you passionate about?
- **Leaving a legacy.** Do you know what you should be doing today to ensure that you are able to pass on a substantial legacy to your heirs or a worthy cause? How will you be remembered?

**Freedom from worry is the goal:** Planning will be essential to ensure freedom from future financial constraints — and just as important, from worry today.



**Planning can help ensure that you will be free from future financial constraints — and from worry today.**

## WHY EVEN THE AFFLUENT NEED TO BE PREPARED

Even millionaire households, while well positioned for a comfortable retirement, will nevertheless have concerns about issues or events that might harm their finances at retirement. A range of factors contribute to uncertainty:

- **Impact of illness on income.** I plan to work forever — but what if I become unable to work due to disability or illness?
- **Cost of health care.** Health insurance premiums keep rising by 7–10% a year — and co-pays and deductibles can add up quickly if one or both of us become ill.
- **Impact of inflation.** My first car cost just a few thousand dollars — now the average new car sells for well over \$20,000. Will I be able to maintain my lifestyle over the next 20–30 years of inflation?
- **Market risk.** What if the stock market falls 20% the year before I plan to retire? It could take years to recover my losses.
- **Longevity risk.** What if I live to be 100? Will I outlive my income?
- **Aging parents.** I want to make sure my parents have a comfortable old age. How do I balance this goal against others, including paying for my children's education?

For many, such variables may contribute to a feeling that you are unable to control your financial destiny. Putting together a financial game plan will help you regain control. Of course, the specific solutions will vary with your individual situation and goals.

**Putting together a financial game plan will help you take control.**



## Someday is Now.

Someday truly is now, anyway you look at it.

Perhaps you are concerned about your long-term financial security. If so, it makes sense to ask your financial advisor today for help getting on track with an appropriate investment program.

Others may count themselves among the affluent, with an assurance of at the very least a comfortable retirement. Still, to have the peace of mind to enjoy *today and every day* to the fullest, it's critical to plan to ensure that you will be able to realize your vision over what may be a long life span.

What is your vision? Are you on the path toward realizing it every day to your best ability? Or do you find yourself less sure of your future financial situation, without a clear roadmap?

Your Northern Trust financial advisor is ready to work with you to put together a strategy to help ensure that your tomorrows will live up to your hopes and dreams of today.

Northern Trust Investments offers an expanding array of managed accounts and mutual funds to address your asset allocation and diversification needs. To learn more, please speak with your Financial Advisor or call our Advisor Consulting Group at **877-867-1259**. More information is also available at **[northerntrustinvestments.com](http://northerntrustinvestments.com)**.

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