

Cheers to your Golden Years

DELAWARE
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Disclaimer

This handout is meant to give an overview with general information; not intended to be construed as legal advice.

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Spend Life Wisely; Money Will Follow

Del Webb and his company—which would revolutionize retirement living in the U.S. through the Sun City brand of communities—coined the “golden years” term in 1959 **to cast retirement as the time for a life of leisure.**

1. What does your life of leisure look like?
2. When do you plan to retire?
3. Why do you plan to retire?
4. Are you retired? What does life look like?
5. Has the pandemic or inflation affected your plans?
6. What do you want to do when you retire?

To enjoy your Golden Years

1. What lifestyle did you envision?
2. Any debts that should be paid off before you retire?
3. Exactly how much income will you need to support that lifestyle?
4. How will you earn that income?
5. Can you list the various sources of income you will receive at retirement?
6. What level of risk are you taking?
7. Have you considered working with a financial professional who specializes in retirees?

The nation is not retirement ready. Are you?

1. **A little more than half of America has a retirement account**—(401(k) or IRA)
2. **Not everyone has access**—35% of low-income vs. 80% high-income households had access.
3. **Typical household with a retirement account had saved \$60,000**—top 10% \$403,000 and middle-income \$25,000.
4. **The age to get full retirement benefits** from Social Security is moving up.
5. **Retirement can last for decades.** An American woman gets to 65 life expectancy is an additional 20.6; for men 18.
6. **Health care!** 65-year-old couple will need \$275,000 to cover expenses through their retirement-- doesn't include nursing-home or long-term care costs.
7. **The traditional corporate pension** is disappearing. Only 13% of private-sector workers were participating in 2014.

Food for thought...

1. You could celebrate your 95th year surrounded by children, grands, great grand, and great great grands!
2. If you decide to retire at 60, you need to cover your living expenses for 35 years!
3. Nearly 75% of Americans die owing debt. Average debt is over \$62,000.
4. The average person earns nearly \$2.7 million over their lifetime.

Don't outlive your money

1. Start saving early. Don't wait to get professional advice. Start now! Save until it hurts.
2. Get out of debt. So, your money can last longer.
3. Max out contribution to a Roth IRA . There is no age limit on contributions.
4. Keep investing. Retirement doesn't mean you stop investing.
5. Learn about fixed annuities.
6. Don't touch your retirement account.
7. Diversify.

Review

1. Appreciate your worth. At 40,000/year for 40 years you earned \$1.6 million!
2. Look at your spending. $\$40/\text{month} = \$480/\text{year} = \$19,200$ over 40 years.
3. Invest $\$40/\text{month}$ at 15% in 40 years it is \$1.3 million!

Learn about Investing

1. Dollar cost averaging
2. Rule of 72
3. Magic of compounding
4. Cost of waiting
5. Time value of money
6. Never lose your principal
7. Diversify

Dollar Cost Averaging

1. Invest the same amount, at the same time, in the same investment, even during bad economic times.
2. Fixed amount. When the price of shares is low, you buy more shares. When the price of shares is high, you buy fewer shares. Over time, the average cost of shares is lower.
3. Regularly. At the same time, in the same investment.
4. Through any economic scenario. Even during bad times. Bad personal financial times. Bad national economic times.

Rule of 72

$72/\text{interest rate} = \text{number of years your money to double}$

At this rate			Years for your money to double
4%	$72/4$	=	18 years
10%	$72/10$	=	7.2 years
16%	$72/16$	=	4.5 years
20%	$72/20$	=	3.6 years

Magic of compounding

1,000 invested over time at different rates

	20 years	30 years	40 years	50 years
10%	6,727	17,449	45,259	117,390
15%	16,366	66,211	267,863	1,083,657

Cost of waiting is high

If you are 55 years old, you cannot afford to take too many risks. So you will likely invest safely at 5%. When you turn 65, you get 100,000 by saving 77,738.

If you are 25 years old, you can take chances. So you will likely invest at 15%. When you turn 65, you get 100,000 by saving 2,107.

Cost of waiting was 75,631.

Time Value of Money

To get 1,000,000 in 40 years you can:

- Save every month OR
- Put a lump sum away

Save 44/month at 15% for 40 years for a total of 21,072

OR

Put away 3,733 at 15% for 40 years.

Cost of waiting was 21,000

Don't put all your eggs in one basket

1,000 for 25 years at 8% yields 6,848.

You could split them in four pools

- 250 at 0% yields 250
- 250 at 5% yields 846
- 250 at 10% yields 2,708
- 250 at 15% yields 8,229
 - Your 1,000 became 12,035

Never lose your principal

1. If it is too good to be true...
2. Consult. Two heads are better than one.
3. “Trust me” without more ... Don’t trust.
4. “Insider trading” is against the Law.
5. All investments involve risks.
6. DO NOT BE PRESSURED
7. Scam artists are criminals. Report them.
8. You make money or lose it when you cash your investment.

Investing Strategy

Invest your age conservatively, the rest aggressively

- Safest—Bank savings/deposits
- Riskiest--Stocks

“Invest your age conservatively”

- If you are 20 years old, invest 20% safely.
- If you are 40 years old, invest 40% safely

“Rest aggressively” means $100 - \text{your age}$

- If you are 20 years old, invest $(100-20)$ 80% in risk.
- If you are 40 years old, invest $(100-40)$ 40% in risk.

Let your instincts and your personality guide your investment strategy.

Know what is a conservative investment for you.

Know what is an aggressive investment for you.

Basic rules--Insurance



What is the risk that I need to protect against?



If this risk arose (event happened) what will it cost?



Note: If it will cost \$200,000 and your coverage is \$100,000 did you really protect against this risk?



How much money have I saved up for the deductible?



Note: Higher the deductible, lower the premium.



How much money does my budget allow for insurance?



Note: Often, paying premiums annually reduce the cost of premium.

Reverse Mortgages—Rising Debt, Falling Equity

1. Mobile homes that sit on rented lots do not qualify for Reverse Mortgages or for DEMAP program.
2. Reverse mortgages are loans secured by the home that do not need to be repaid **until the borrower dies, sells the home or moves out permanently.**
3. Homeowners must be 62 or older.
4. There must be equity in the home.

Documents

- Durable Power of Attorney- Appoint an AGENT to assist with Finances **during your lifetime** in periods of incapacity
- Advance Healthcare Directive- Appoint an AGENT to assist with Medical Care/**End of life decisions** during your lifetime and in periods of incapacity
- **Once the Principal passes away, the POA and AHCD are no longer valid.**
- Last Will and Testament- Appoint an Executor to manage the affairs and distribute assets/liabilities after Testator (person who made a will) passes away.
- Revocable Trust- Appoints Trustee to manage funds for beneficiaries

Last Will & Testament—upon your death

1. Executor- one or two back-ups
2. Guardian(s) of Minor Children
3. Trustee of Assets of Minor Children
4. Beneficiaries- beneficiary designations
5. Tangible Personal Property
 - Memorandum
6. Specific Gifts
7. Real Estate
8. Rest and Residue

Requirements

- Executor over 18 years old, of sound mind
- Two witnesses
- Notarized
- Self Proving Affidavit
- DE allows handwritten wills but changes cannot be handwritten on a typed will
- Codicil for amendments

Appoint the Guardian

If you have minor children, you want to be thoughtful

- Who should it be?
- Duties?
 - Raise the children
 - Make legal decisions
 - Education, Medical
 - Plan for the children

Not in your Will

Named Beneficiaries often override the will, check them often

- Bank accounts, Stocks/Bonds; Mutual Funds
- Retirement Account
- Life Insurance; Annuities; Pension, Employee benefits
- Transfer-on-death/Payable on death accounts

Dying without a will

1. Intestate Succession under Delaware Law
2. The statute dictates the priority for those who may serve as Administrator and dictates beneficiary designations
3. Petition for Guardianship through the Chancery Court

Probate

- Process that takes about a year on average
 - Filing the will, Opening the estate
- Gather all the assets- Inventory
- Prepare assets for Distribution
- Accounting of assets, claims, and fees
- Distributing/disposing the assets
 - Closing the estate- Final Accounting
- Final tax return

Keep in mind...

1. A creditor has 8 months from date of death to file claim.
2. Estate includes everything deceased owned at time of death including money, real estate, collection, tools, etc.
3. Estate does not include trusts/accounts with a beneficiary.
4. Agents act during your lifetime
5. Trustees—may act during or after your lifetime
6. Executor—after your lifetime
7. Guardian—often after your lifetime

Public Offices

1. Register of Wills
2. Recorder of Deeds
3. Office of Vital Statistics
4. Family Court
5. Chancery Court

Gift of love

The AARP is a tremendous source for the loved ones left behind

My daughter updates my obituary annually!

I have a book with all addresses, user names and passwords, account numbers and addresses.

My daughter knows exactly what we want to happen to us when we are incapacitated, terminally ill, or dead. At first, my granddaughters (9 and 11) were not happy about these discussions.

They now understand the importance of planning.

Preparing your family for your final days is the most precious gift you can give your loved ones.

Letter of Last Instruction

When you pass, and you will one day, you want to make it easy on the loved ones you leave behind. At the very least, you want to:

- Help them locate will/important documents
- Contact list to notify people upon your death
- Where important documents are located
- How to receive death benefits
- Safe deposit keys
- Funeral and burial instructions

A checklist

- Death certificates (maybe a dozen)
- Social Security card
- Marriage certificate
- Birth certificate
- Birth certificates for any children
- Insurance policies
- Deeds and titles to property
- Automobile title and registration papers
- Stock certificates
- Bank passbooks
- Honorable discharge papers for a veteran and/or VA claim number
- Recent income tax forms and W-2 forms
- Loan and installment payment books and contracts

Upon Passing

1. Arrange for organ donation.
2. Contact immediate family.
3. Follow body bequeathal instructions.
4. Consider funeral preparations.
5. Choose a funeral home.
6. Notify close friends and extended family.
7. Secure property.
8. Notify the post office.

Before the funeral

1. Meet with the director handling the funeral or memorial arrangements.
2. For a veteran, inquire about special arrangements
3. Consider whether you need or want other financial assistance for the funeral and burial.
4. Enlist help for the funeral.
5. Arrange for headstone.
6. Organize a post-funeral gathering.
7. Spread the word about the service.
8. Make a list of well-wishers.
9. Prepare an obituary.

Placing an obituary

Your local newspaper will need documentation of the loved one's passing AND the person who is requesting it not provide:

1. Your name
2. Your phone number
3. Your address
4. The exact text you want to be printed
5. Any photo or photos you would like printed
6. The name of the funeral home taking care of arrangements
7. The phone number of the funeral home taking care of arrangements
8. The date you would like to see your obituary printed

After the funeral

1. Get duplicate death certificates
2. Send thank-you notes.
3. Notify local Social Security office.
4. Handle Medicare.
5. Look into employment benefits..
6. Stop health insurance.
7. Notify life insurance companies.
8. Terminate other insurance policies.
9. Meet with a probate attorney.
10. Make a list of important bills (mortgage payments).
11. Contact financial advisers, stockbrokers, etc.
12. Notify mortgage companies and banks.
13. Close credit card accounts.
14. Notify credit reporting agencies.
15. Cancel driver's license.
16. Cancel email and website accounts.
17. Cancel memberships in organizations.
18. Contact a tax preparer.
19. Notify the election board.

Debt upon death

- 1. Some money is protected if handled right.** At death, unsecured creditors cannot collect from life insurance payments, pay-on-death bank or brokerage accounts, jointly held property that passes directly to the surviving owner, or retirement plans that have named beneficiaries.
- 2. Your signature matters.** If you signed a joint application for a credit card, you owe the balance.
- 3. You have to pay the doctor.** Final medical bills are usually considered a spouse's responsibility. When there's no money, however, and the survivor has very little income, health providers might write off the account.
- 4. Get tough.** Don't be talked into making a few payments on bills you do not owe.