

Four-page special section

Everyone needs to understand what it takes to thrive in retirement — someday for our own benefit, probably sooner to help a relative, and immediately to figure out where we stand on the future of entitlement programs.

For most of the nation's history, the retirement nest egg was whatever someone managed to save during their lifetime.

Now, it is those savings plus an extraordinary array of support programs and services, many funded by our own payments during working years and many more compassionately provided by society. Together, they strongly help people have comfortable, healthy, fulfilling lives in retirement.

The bad news is that achieving the optimal retired life requires navigating a labyrinth of choices in the years before, at and after retirement. The decisions made will determine whether it feels more like surviving than thriving.

The good news is that the complexity results from the large number of benefits available and the ability to tailor them to individual needs.

This guide is intended to help make all of those choices by providing a basic understanding and telling where to get whatever additional information is needed.

Read it over now and save it, or download a PDF of the guide from pressofatlanticcity.com for future reference.

Business Editor Kevin Post



Finding your way to thrive in retirement

Don't risk your future on hearsay and rumor

By KEVIN POST

Business Editor, 609-272-7250

Social Security and Medicare are great programs that help tens of millions of Americans live comfortably in retirement.

But there are people who will deprive you of some of those retirement benefits.

They are the last people you would suspect of such a thing: family, friends and seemingly knowledgeable acquaintances.

Jim Herbert has heard plenty of sad tales of lost benefits in more than two decades as a Social Security field worker. Here's one:

"I was at a health benefits fair, and two ladies come in from the cafeteria. This one lady has a real bad hip. She says, 'I'm going to be 64 next month. I can't wait until I retire.'

"I asked, why didn't you retire at 62? She said, 'My friend told me I couldn't.' When I told her she could have, I thought she was going to chase her friend down and beat the hell out of her," Herbert said.

With so much good, accurate information about Social Security and Medicare available online, by phone, and at federal and county offices, there is no reason to take a chance on hearsay.

"If you don't remember anything else, remember this: Don't listen to that real smart neighbor or coworker, the one who knows everything about everything," he said. "He's probably not trying to give you bad information, but if he does, it will be you who suffers for it."

Such well-meaning people help perpetuate many misconceptions about the Social Security and Medicare programs and the benefits they provide to retirees and the disabled.

Here are the most common Social Security misconceptions Herbert cited:

■ That your Social Security benefit is based on your three highest earning years, or your five or seven highest. "It's actually based on your highest 35 years of earnings," he said.

■ That when the full retirement age was raised (to 66 for those born after 1942 and 67 for after 1960), the early retirement age was not raised with it. "Some people don't realize it's still 62. I've had people who have worked a year or two longer

than they had to," he said.

■ That Social Security is funded through the federal budget or with bonds from China or is dependent on the price of oil. "When you work, you pay 7.65 percent out of each dollar you earn, which is matched by your employer. That's it. That's how it's funded," Herbert said.

Medicare has its own set of most popular misconceptions, according to Jeffrey Hall, communications director for the New York regional office of the Department of Health and Human Services.

"Some people think that if they delay enrolling in Medicare Part B after they retire, there will not be any consequences. I'm healthy, they reason, so I don't need Medicare at this point," Hall said.

"They may be healthy, but delaying enrollment in Part B after eligibility occurs will cause a penalty — 10 percent added to your monthly premium for each full 12-month period you could have had Part B but didn't sign up for it," he said, unless you or your spouse are still working and covered by a group health plan.

Common misconceptions about Medicare, Hall said, include:

■ That Medicare is only for people 65 and older. The program also provides health insurance for those with disabilities.

■ That Medicare is free. Medicare Part A hospital insurance requires no premium (it's

□ See Hearsay, A8

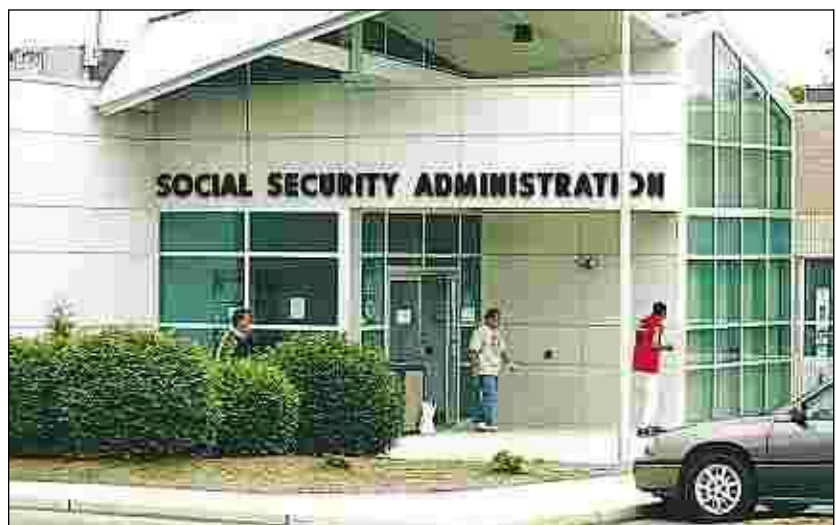


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Plan to get the most out of Social Security



Staff photo by Anthony Smedile
Social Security office in Egg Harbor Twp. Wednesday June 17, 2009 (The Press of Atlantic City/Anthony Smedile)

■ The right strategy can make your retirement a lot more comfortable, if you can wait.

By KEVIN POST

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You pay into Social Security your whole working life. After you retire, would you prefer Social Security pay you back:

- A. \$286,272
- B. \$364,548 or
- C. \$436,956?

This might sound like a no-brainer, but more than 90 percent of men choose A or B, according to Frank Thomas, a Richard Stockton College professor and a certified public accountant in Port Republic.

The big differences in benefits collected result from following different

Social Security retirement strategies — or not having a strategy at all.

Thomas discussed such strategies in a January article in the Journal of Accountancy titled "CPA personal financial advisers should run the numbers on Social Security, and for their married clients, that goes double."

The numbers above — from the chart accompanying this story — are estimates of what a 58-year-old earning \$50,000 per year will collect from Social Security, assuming he or she lives to the average life expectancy for someone at age 65.

The amounts differ so much because Social Security increases the benefit paid for each month up until age 70 that a recipient delays collecting.

The first number — \$236,000 — is

how much those retiring early and starting their benefit at age 62 will receive through age 83. (While someone born in 2005 can expect to live to 78, someone already 65 will live on average to 83.)

Those who start collecting Social Security at their full retirement age of 66 will receive a monthly benefit 57 percent larger, giving them \$78,000 extra during that typical lifespan, even though they began collecting four years later.

And if he or she waits until age 70 to start collecting, the monthly benefit will be 36 percent bigger than at 66 and 147 percent greater than at 62.

The key, of course, is to have other money to live on until 70 — savings or other retirement benefits, or earnings

□ See Security, A8

Don't underestimate county offerings

Counties provide a central point of access to and education about services to senior citizens. **A8**



Enjoying adult living

In New Jersey, there is a glut of units in many adult communities, but the seniors already there are enjoying life. **A9**

Why wait? Go online

It is fast and easy to clear the Social Security hurdles online at government Web sites. **A10**



Medicare 101

The Medicare program lends itself to confusion and misconceptions. Get on the right track to make the best choices for yourself. **A10**