

This Too Shall Pass.

by Nancy R. Larson

Older adults are resilient. Armed with a lifetime of experience, they have survived ups and downs, and seen trends come and go. The economy is tough and there are difficult consequences, yet this too shall pass.

Across the country the story is the same: rising food and fuel prices coupled with sinking interest rates rob retirees of the security that took a lifetime to build. The Greatest Generation and their prodigy, the Baby Boomers, are tightening belts and looking anew at strategies for surviving the long-haul of retirement. Mature workers who had earned substantial salaries months ago are now in search of any job available, frequently with less pay and not using the skills developed during the span of their career.

The oldest Baby Boomers are turning 62 this year and are eligible for Social Security. About half of this year's group (1.6 million) are expected to receive early Social Security benefits despite taking a reduction in benefits for the rest of their lives. Older Baby Boomers may be willing to accept a smaller payout from Social Security at age 62 in exchange for the opportunity to retire while they are still healthy enough to enjoy it.

Recent retirees who expect to supplement Social Security with investment income have seen their earnings decimated by the declining economy. Their home equities have evaporated and prices for food and fuel are on the rise. The housing crisis has effectively stranded thousands of seniors and Boomers in their homes. Without being able to sell their homes, they cannot move into housing more appropriate for this phase of their lives. Folks with mortgages are strapped with payments on loans that exceed the value of the house in this downturn economy.

An AARP study in April, 2008, found that 20% of workers 55 to 64 years of age plan to delay retirement because of the economy. Among the reasons given are healthcare costs, inflation, and the bear market. In the words of economist John Maynard Keynes, "Capitalism is the extraordinary belief that the nastiest of men, for the nastiest of reasons, will somehow work for the benefit of us all." Hardly the optimist when it came to the ability of the economy to self-regulate, economist, John Maynard Keynes, would encourage planning to taking refuge from the down market while a fledgling more regulated system emerges.

What You Can Do Now.

So, you ask, "What advice can a small town lawyer give during this time of economic uncertainty?" I am not an economist nor a financial advisor, but what I do know for sure is that simple steps can make a

difference in personal or financial matters. So my advice is twofold.

First, tend to your financial wellbeing:

- 1) At least for now, make sure the government insures the bulk of your savings that you do not want to expose to risk. (Your financial advisor may disagree, but if this lets you sleep at night ... do it.); and
- 2) Make yourself as debt-free as possible.

Second, tend to your emotional wellbeing. Dr. George Grossberg, director of the St. Louis University Geriatric Psychiatry Program, has seen an increase in economy-related anxiety according to a recent interview in the Senior Journal. He finds that "The anxiety and worry are immense. It is affecting millions and millions of people, especially those who were looking forward to a comfortable retirement." Dr. Grossberg suggests that those suffering from economy-related stress should do the following:

- 1) Take a reality check;
- 2) Don't act impulsively;
- 3) Count your blessings;
- 4) Take care of your health; and
- 5) Get help.

I must add to this list that it is never too soon to have Powers of Attorney in place for health care and financial matters. Prepare them while you are able. Also remember that if you die without a Will or a Trust in place, the State of Illinois has provisions for the distribution of your hard-earned assets. State provisions may not follow your wishes or have your family's best interest in mind. If you haven't already done so, in the new year commit to discuss long-term care planning with an elder law attorney who does not sell financial products to assist you in understanding your choices.

Nancy R. Larson is an attorney with Harter, Larson & Dodd LLC
with offices in Belleville and Mascoutah.

The firm has an emphasis on intergenerational planning for estates of people
of all ages, and for the concerns of elders and their families.

This article is for information purposes only and is not intended
to serve as legal or financial advice.

