

A Roadmap to Financial Security in Later Life

Learner Objectives

- Participants will learn factors associated with longevity and use them to estimate length of life
- Participants will understand factors related to life expectancy
- Participants will construct a “financial time-line”
- Participants will recognize common factors that increase the risk of facing later life financial insecurity
- Participants will identify reasons why achieving later life financial security can be rewarding
- Participants will understand the importance of planning ahead
- Participants will understand normative later life events
- Participants will identify specific action steps that can help protect later life security
- Participants will recognize the value of evaluating existing plans and actions
- Participants will assess their own personal progress in planning, acting and evaluating
- Participants will discover research-based resources to help make more informed decisions

Resources/Materials Available

- Financial Report Card
- Timeline Handout
- Financial Security in Later Life brochures (county specific insert available)
- Paper and pencils/pens for Life Expectancy Quiz
- Financial Security in Later Life Website: <http://www.reeusda.gov/financialsecurity> (contact county office of the NDSU Extension Service for copies of web page(s) if lesson leaders do not have access)

Before the Program

- Read over background materials.
- Order or make copies of handouts and activities you plan to use.
- Read over prepared script.
- Highlight the sections you would like to cover, or put the information in your own words.

Background Materials

Life Expectancy Tables

- IRS Life Expectancy Tables (general population) www.retirelink.com/education/LifeExpectancy.html
- Life Expectancy for Social Security (expected life expectancy after age 65) www.ssa.gov/history/lifeexpect.html

- Life Expectancy Table from age 40 (male and overall) and 45 (female)
www.cooleyville.com/cancer/califex.htm
- Life Expectancy Table (1996 National Center for Health Statistics, reflect 1992 data)
www.deathandtaxes.com/lifeexp.htm
- Life expectancy by age, 1850-1999 (from birth)
<http://print.infoplease.com/ipa/A0005140.html>
- U.S. Decennial Life Tables for 1989-1991, North Dakota
www.cdc.gov/nchs/data/lifetables/life89nd.pdf
- Life Expectancy Calculators
<http://diskworld.wharton.upenn.edu/~foster/mortality/form.html>
<http://future.newsday.com/2/quiz.htm>

The Program

Roll Call Ideas

How long do you expect to live? How long did your great-grandparents, grandparents and parents live? Do you expect to live as long or longer? Are you concerned about having enough money to live that long?

To Say:

Was that difficult? We are going to be taking a look at financial strategies to ensure that your money lasts as long as your life.

To Do:

If you choose to use the Life Expectancy Activity, Allow 10 minutes for it. Hand out paper and pens/pencils.

Life Expectancy Activity

To Say:

But first let's take a look at your life expectancy with a little more accuracy. Take out the paper and pencil I just gave you. Write down the number 72. Now you will add and subtract from that number according to how you relate to the following questions.

- If you live in a town under 10,000 or in a rural area, add 2.
City life means pollution and tension.
- If you work behind a desk subtract 3.
- If your work requires regular heavy physical labor, add 3.
- If you get 20 minutes of exercise five times a week, add 3.
- If you get no physical exercise on a regular basis, subtract 3.
Staying active means staying healthy.
- If you live with a spouse or friend, add 5.
- If not, subtract 1 for every 10 years alone since age 25.
People who live together eat better, take care of each other and are less depressed.
- Sleep more than 10 hours each night? Subtract 4.
- Sleep less than 5 hours a night? Subtract 3.
Neither too much nor too little sleep is good for you. Too little saps energy and adds stress. Excessive sleep is a sign of depression and can lead to circulatory diseases.
- Are you intense, aggressive, easily angered? Subtract 3.
- Are you easygoing, relaxed, a follower? Add 3.
- Are you happy? Add 1.
- Unhappy? Subtract 2.
- Have you had a speeding ticket in the last year? Subtract 1.
- Earn over \$50,000 per year? Subtract 2.
- Live below the poverty level? Subtract 2.
Wealth breeds high living and tension. Poverty level living is related to poor health and diet.
- If you finished a university course of study, add 1.
- If you have a graduate or professional degree, add 2 more.
Education seems to lead to moderation; at least that's theory.
- If you are 65 and over and still working or volunteering, add 3.
- If you live in a city of more than 2,000,000, subtract 2.

- If you do not volunteer or participate in community activities, subtract 2.

Older workers remain active and healthy longer.

- If a grandparent lived to 85, add 2. (Add two more for each additional grandparent who live that long)
- If all 4 lived to 80, add 6.
- If either parent died of a stroke or heart attack before age 50, subtract 4.
- If any parent, brother or sister under 50 has or (had) cancer or a heart condition, or has had diabetes since childhood, subtract 4.

Heredity is a very important factor in determining longevity.

- Smoke more than two packs a day? Subtract 8.
- One to two packs per day? Subtract 6.
- One half to one pack per day? Subtract 3.
- Drink the equivalent of quarter bottle of liquor (4 stiff drinks) a day? Subtract 1.
- Overweight by 50 Lbs. or more? Subtract 8.
- Overweight by 30 to 50 Lbs.? Subtract 4.
- Overweight by 10 to 30 Lbs.? Subtract 2.

Being very overweight and heavy smoking are high risk factors.

- Men over 40, if you have annual checkups, add 2.
- Women if you see a gynecologist once a year, add 2.
- Women who have a mammogram at least every other year, add 2.
- Don't wear your seatbelt regularly when driving or riding in a car? Subtract 2.
- Don't brush and floss your teeth regularly? Subtract 1 point.
- Has your home been checked for Radon? Add 1 point.
- Do you have working fire, smoke, and carbon monoxide detectors? Add 1.
- Don't eat a diet full of fruits, vegetables and whole grains? Subtract 2 points.

Taking care of yourself adds years to your life.

- If you are between 30 and 40? Add 2
- If you are between 40 and 50? Add 3.
- If you are between 50 and 70? Add 4.

To Say:

Now total up your points. Any surprises? While this is only a non-scientific activity designed to raise your awareness of how your lifestyle affects your lifespan, the points added and subtracted reflect common knowledge and research. (*If you plan to also use the financial timeline activity.*) You will need to refer to your "life expectancy" later on in the program when we will construct a "financial timeline."

To Do:

Allow time for discussion, if you wish. Use the background materials listed at the beginning of this lesson if you would like to pursue the topic of life expectancy.

To Say:

Lesson Background

In 2001, the USDA approved a five-year initiative, "Financial Security in Later Life." This initiative seeks to improve personal finance behaviors leading to financial security in later life, enhance the capacity of local educators and partners to deliver effective programs, and increase economic vitality and quality of life for families and communities. By participating in this program today, we have all become those local partners who help achieve these goals.

Why?

Why is this initiative needed?

- Over 50% of American households have accumulated less than \$1,000 in financial assets (savings, etc) and less than \$35,000 in net wealth.
- Personal savings for Americans continues to decline, reaching an all-time low of one-half percent in the fourth quarter of 2001.
- Consumer bankruptcy filings continue to rise. While North Dakota ranks 41st among the states as far as bankruptcy filings per household, personal bankruptcy filings were nearly six times higher in 2001 (2117) than in 1980 (363) in North Dakota.
- Consumer debt continues to rise.
- And probably most important of all, Americans are faced with increasing personal responsibility for their own financial future.

While employer provided plans traditionally provided a defined benefit (set income) in retirement, today's trend is for more self-directed (defined contribution) plans, and many small employers and

self-employed are without plans. In fact, only 62% of civilian wage and salary workers have access to a pension plan. The size of the employer appears to have a direct relationship with the likelihood that a pension plan is available; only 19% of employers with less than 25 employees offer a pension plan, while 83% of employers with more than 100 employees offer a pension plan.

In addition, for those Americans who are already retired, there are steps they can take to ensure their future financial security.

The First Step

The first step to financial security is to take a look at yourself. Are you prepared?

To Do:

- Hand out the Take the Roadmap to Financial Security Timeline Activity.
- Following the directions, lead participants through the activities. You may choose to use all or some of the activities. If you have not used the Life Expectancy Activity, you may wish to have the Life Expectancy Table from www.deathandtaxes.com/lifeexp.htm available. Allow time for discussion.

To Say:

We are all at some risk of being financially insecure in later life. By knowing the risk factors, we can take steps now to keep that from happening.

What Lies Ahead?

Over the next four years, NDSU Extension will be offering a series of lessons to help North Dakotans become more prepared for their financial future. These lessons are open to community organizations, and will cover the following topics:

- This year, topics include this lesson “Take the Road to Financial Security;” “Financial Values, Attitudes

and Goals,” and “Money Talks” (financial communications).

- In 2003-2004, the programs will be “NDSaves,” “Basics of Investing,” and “Understanding the Stock Market”
- In 2004-2005, the lessons will cover “Understanding Bonds,” “Understanding Mutual Funds,” and “Starting an Investment Club.”
- And in 2005-2006, programs will be offered on “Forecasting Retirement Income and Expense” and “Long Term Care Planning”

What Next?

To Do:

Hand out financial security report cards.

To Say:

You can start your path to financial security by participating in the lessons that will be offered over the next four years by the NDSU Extension Service. Here is a personal financial security “report card” to help you keep track. When you accomplish, or if you have already accomplished an activity, place the letter “A” and the date in the box under the appropriate year. When you review or revise that activity, place an “R” and the date in the box for that year. Our hope is that by the year 2006 you will be well on your way to financial security!

(For example, if you have completed the financial timeline, you could place an A under this year in the PLAN section for “identify risk factors related to financial security.”)

Join me now in taking the road to financial security by following these steps:

- Plan for a long and vital life.
- Act now, by learning all you can to take responsibility for your financial future.
- Evaluate your plans as changes are needed.
- Achieve financial security for yourself and others