RetireAHEAD™

From TRIBUNE ONLINE CONTENT

MARCH 2020

Featured content

A house **divided**

Be sure to have clear conversation when one child is getting larger inheritance

By Ed Avis

You love all your kids equally and want to see them succeed, of course. But maybe one of them has a successful career while another struggles to pay the bills. Or perhaps one married into a wealthy family while the other gave up her career to care for a child with special needs.

When the day comes to divide your wealth among your children, should they all get the same amount?

"We have seen and advised clients making unequal estate distributions for years," says Rebecca Hedaya-Heller, a trusts and estates attorney with the firm Schwal & Platt in New York. "I have seen clients cut children out or distribute less for reasons pertaining to crime, drugs and alcohol use, as well as to reward children for certain actions: taking care of the parent in their old age, donating a kidney to one parent."

What's the best way to deal with this sometimes-uncomfortable situation?

"I have found that honesty and communication are the best ways to confront the issue of non-equal division of an estate," says Aviva Pinto, managing director of New York-based Wealthspire Advisors. "Clients who pass without having the discussion with those inheriting leads to family friction, lawsuits and animosity."

The first step in making sure your division of assets goes

Continues on Pg. 2

Continued from Pg. 1

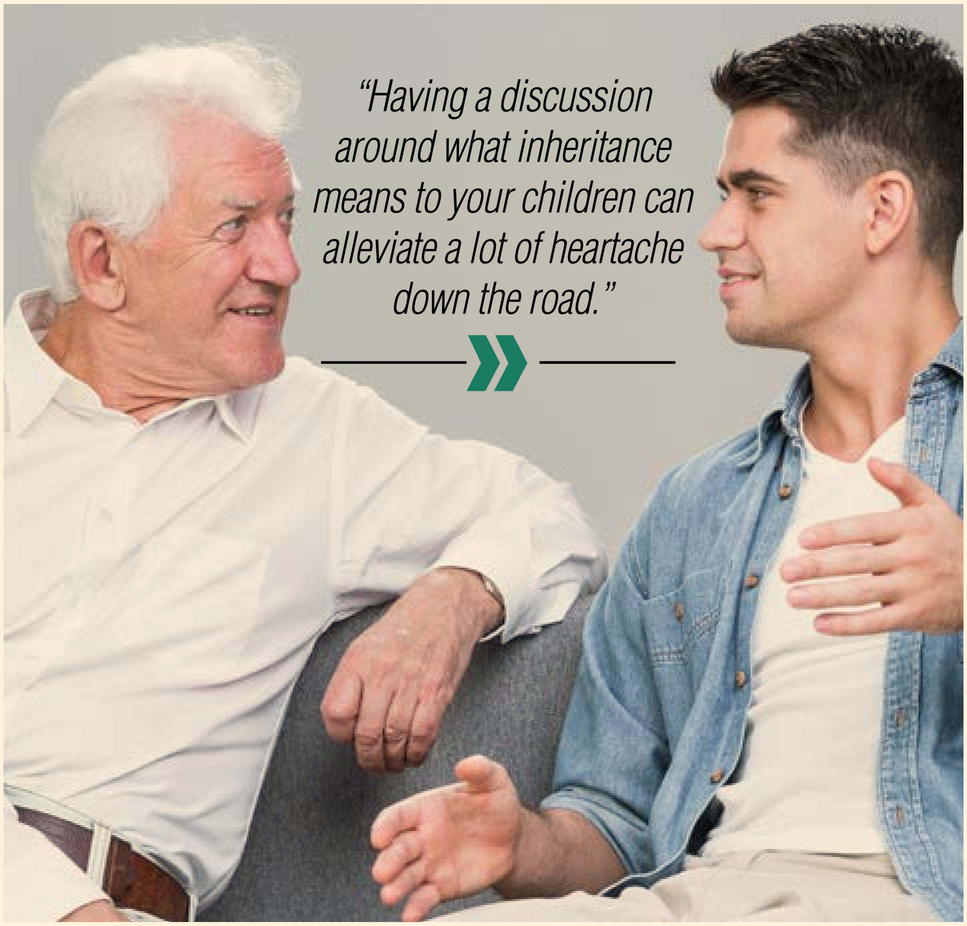
smoothly is to make sure you understand your children's financial situation. Sometimes things are not as clear as they seem.

"It's important not to just go by looks — bigger house, nicer car — and to discuss openly with your children how they are doing," says Emily S. Boothroyd, a private wealth adviser with Price Financial Group in Wilton, Connecticut. "A high earner may go through a divorce or suffer a job loss that changes their financial position materially. Having a discussion around what inheritance means to your children can alleviate a lot of heartache down the road."

Boothroyd says this discussion can affect the form of the gifts you leave your children. For example, if one of your children is in a lower income tax rate than the other, this child may be the best candidate to receive proceeds from your IRA.

There are reasons besides finances that may compel you to give more money to one child, Pinto says. If you have a family business and only one of your children works in that business, you may want to bequeath the business to that child because he or she helped build it. If you feel one child has contributed more to the family — maybe because he or she has been a caregiver — you may decide to give that child more. Or if you've already helped one child financially, you may decide to reduce his or her inheritance proportionately, Pinto says.

Once you understand each child's situation, think about how well your children get along. For some families, dividing assets unevenly could cause lifelong strife and misunderstanding. For others, it would hardly cause a ripple, assuming the underlying reasons for doing so are well understood.



"We have had conversations with families that resulted in siblings wanting to give more to another sibling because they all understood each other's financial situation," Boothroyd says. "When parents give an explanation for an unequal distribution, it benefits the family by giving clarity and not leaving heirs with assumptions."

Having that frank conversation with the kids is the next step in this process.

"A family meeting allows you to set the record straight and prevent your decisions from being misinterpreted after you are gone and unable to speak for yourself," says Patti B. Black, a partner with Alabama-based wealth management firm Bridgeworth.

Not everything has to be finalized in a single conversation, Black adds.

"Don't feel compelled to cover every detail in one meeting," she says. "Hopefully, you will be able to regularly discuss this topic as you and your children age."

—Continues on Pg. 3

Continued from Pg. 2

Once you've made your decisions and explained them to your heirs, make sure the paperwork is properly taken care of. Experts suggest having a professional help with your will and other final documents to make sure they are done right. In some cases, a trust may be called for, because there is generally less opportunity for litigation when a trust is involved.

But if avoiding family strife and hurt feelings is important to you, one key document might not be a legal one.

"Often, a letter stating your rationale can be helpful," says Somita Basu, a partner with Norton Basu, an estate planning and probate law firm in Santa Clara, California. "As a parent, it's best to explain the reasons behind the unequal division to your family." ❱

Lessons from March Madness

Don't rely on star player, be ready for bumps

By Jeffrey Steele

There are parallels between March Madness and saving/investing for retirement. In both, brackets and buckets are part of the vernacular. In both, great runs can be halted and reversed in a heartbeat. And In both, it's crucial to stay cool late in the game. Here are just a few of the money lessons taught yearly at tournament time.

Don't rely on one stellar performer

Teams making deep runs in the tourney tend not to be dependent on one superstar for all their scoring, says Robert R. Johnson, professor of finance at Heider College of Business at Creighton University in Omaha. Similarly, older adults can't rely on one super stock to carry their portfolios.

"Just as super players can have bad games, super stocks can experience bad stretches," he says. "One needs to diversify, as balance beats star power in investing as well as (in) March Madness."

Don't be swayed by recency bias

The best teams in this year's tournament aren't always the ones that dominated the year before. In 2019, the University of Virginia Cavaliers won it all — just one year after a humiliating first-round loss, Johnson recalls. Many investors make the

Continues on Pg. 4

Continued from Pg. 3

"Those who are intentional with their preparation and understand the role of each investment type in their portfolio have a much higher probability of success."

mistake of assuming last year's top investments will be strong again. In so doing, they fall victim to recency bias, one of investing's cardinal sins.

Great coaches make all the difference

The tournament's winningest teams tend to have experienced, high-level and innovative coaching, says Nick Vail, certified financial planner with Integrity Financial Advisors in Granger, Indiana. If you're planning for a stable retirement and are not a financial expert, seek the guidance of an experienced planner.

"Find a trusted advisor who can be objective and model out scenarios that can help you reach the pinnacle of your financial life," Vail says.

Keep your eyes on the goal

Great squads set their sights on individual goals, like improved free throw shooting. They also set team goals, like winning the tournament. By the same token, people who establish specific retirement savings goals are more likely to retire comfortably.

They are three times more likely to contribute 15% or more to savings, according to Jamie Ohl, president of retirement plan services for Radnor, Pennsylvania-based Lincoln Financial Group, citing Lincoln Financial's 2019 Lincoln Retirement Power Participant Study.

Avoid overconfidence

Regardless of their seeds, great basketball teams don't take opponents lightly. Cory Bittner, chief operating officer for Falcon Wealth Advisors in Mission Woods, Kansas, notes that Charles Darwin said, "Ignorance more frequently begets confidence than does knowledge." In March, overconfidence can cause early exits from the fun and games of the tourney. It's also a mistake when finances are in play.

"Overconfidence in investing is dangerous," Bittner adds.

Continues on Pg. 5

Continued from Pg. 4

Push through adversity

By March, tournament teams have all persevered through the regular season's ups and downs, blown calls and injuries. Older adults have also weathered the storms of market downturns and unanticipated expenses, says J. Aaron Jack, chief development officer for Ruston, Louisiana-based Argent Financial Group.

"There are bumps along the road to successful retirement savings," he says. "But those who are intentional with their preparation and understand the role of each investment type in their portfolio have a much higher probability of success."

Stay cool down the stretch: Teams that reach the Final Four don't panic in the final minutes. Similarly, people who find financial success in retirement stay composed and calm, avoiding errors in their final working years.

Sequence of return risk demands older adults nearing retirement avoid big investment mistakes, Johnson says, adding "just as teams that win in March Madness must make their free throws."

Prescription for savings

How discount card programs can help save money on meds

By Kathleen Furore

Have you noticed ads for GoodRX, SingleCare, RxSaver and other pharmacy savings cards and wondered how they work?

Wade Buchanan of Chicago learned about GoodRX when his new ophthalmologist told him about it during an appointment in October.

"So far, my prescription for my eye drops for glaucoma has been less costly with GoodRX than it would have been with Medicare," says Buchanan, 72. "I was really surprised; I believe it was about 25% less! My doctor said he recommends it to his patients."

GoodRx was founded in 2011 by Dough Hirsch and other Silicon Valley tech executives after they discovered that pharmacies charged significantly different prices for the same medication.

"He founded the company as the first one-stop place for price comparisons for prescription medications," says Joe Bozelak, a pharmacist who practices in community pharmacies near Grand Rapids, Michigan.

Buchanan's ophthalmologist is just one of myriad medical professionals turning patients on to prescription discount programs.

"I've been using GoodRx for years now to help my patients save money," says Dr. David L. Belk, a board-certified internist with a solo practice in Northern California. "I can give you lots of cases where patients of mine, who have insurance, have saved hundreds of dollars a year on what would have been their copays for generic medications."

Before GoodRx, Belk says it was tough to figure out how much a

Continues on Pg. 6

Continued from Pg. 5

prescription would cost.

"I had to phone different pharmacies and ask the pharmacist point blank, and hope the pharmacist would give me answer," says Belk, who has been "untangling and demystifying health care costs in this country" for the past nine years. He's even launched a website, truecostofhealthcare.org, to share his findings. "Back then, Costco would almost always give me an answer, and their prices for generic medications were almost always very reasonable — usually far less than my patients would pay in copays for the same medications."

But GoodRx isn't the only player in the prescription discount marketplace.

"SingleCare was founded in 2014 and just recently began a brand awareness campaign with their first commercial starring Martin Sheen airing in December… (and) there are countless companies that sponsor prescription discount cards today," says Bozelak. Other examples include RxSaver (rxsaver.retailmenot.com), a price comparison aggregator similar to GoodRx; RxCut (rxcut.com); BlinkHealth (blinkhealth.com); WellRx (wellrx.com); and Hippo (hellohippo.com).

Why haven't these discount programs become the norm?

"Most people don't know about them because most people believe, falsely, that all or nearly all prescription drugs are expensive. This myth about prescription drug prices discourages people from ever checking actual prices," Belk explains. "Few people know that you can purchase a full year's supply of blood pressure, diabetes or cholesterol medications at many local pharmacies for less than $40 a year without insurance, although you still need a prescription. Usually Costco, Walmart, Safeway/Albertsons or Kroger will have the best prices, depending on your location.

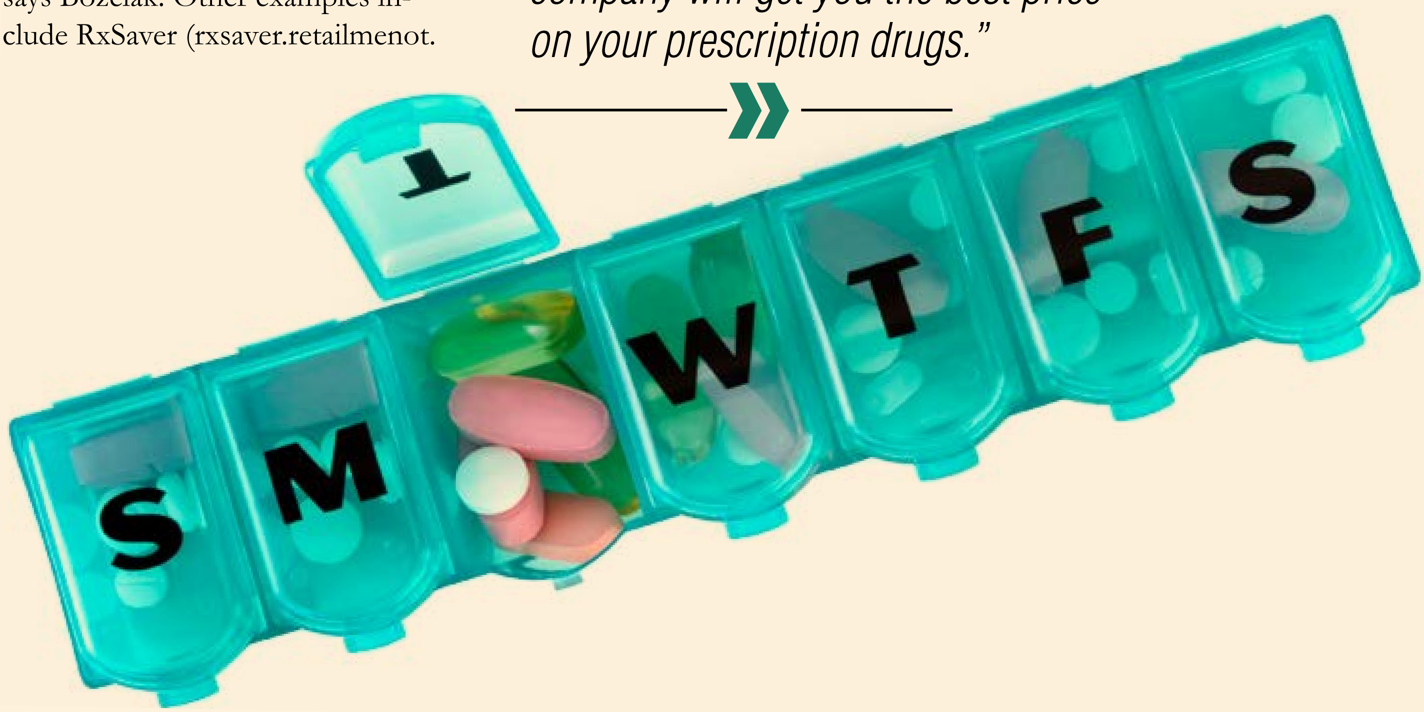
"Another myth is that your insurance company will get you the best price on your prescription drugs. That's actually rarely true for generic medications, which are most of the medications prescribed in the U.S.," Belk continues.

Negotiating cheaper prices on a select list of medications with a network of pharmacies is the base that discount card programs are built upon. The companies also negotiate "fee-to-fill" or "marketing fee" with the pharmacies.

For example, SingleCare controls the entire process, from processing the prescription claim information to negotiating the discounts directly with the pharmacies.

"GoodRx, on the other hand, is only a tool that shows the prices of its partner pharmacy benefit managers and doesn't handle any of

"Another myth is that your insurance company will get you the best price on your prescription drugs."



Continues on Pg. 7

Continued from Pg. 6

the negotiating and processing," he explains.

For customers, filling a prescription is a four-step process, which Bozelak explains at thefrugalpharmacist.com:

- You take your prescription discount card, screenshot, coupon or code obtained from the app (or website) into your local participating pharmacy, along the prescriptions you need filled.
- The pharmacy uses the special billing codes on the card and sends them electronically to the discount card company, along with your prescription information.
- The discount card company compares the pharmacy price to the current drug price in the database and then applies the negotiated/agreed upon price (if it is a formulary item).
- The company then sends the discounted price back to the pharmacy as your cost.

There are several factors to consider when choosing a discount card program.

The basics: Make sure the company is legitimate and accepted at your local pharmacy, and always check prices because there isn't a "one-size-fits-all" price for every medication.

"One discount program may have the best price on one medication and a different one may have the best price on another. To make things even worse, the negotiated prices are different at each pharmacy even with the same discount card." Bozelak says. "I encourage patients to check the prices on multiple services prior to each refill or new prescription to make sure they are getting the best price."

These discount prescription programs don't come without risks.

"The number one danger with using these cash-based services at multiple pharmacies is that there isn't a drug interaction alert for the pharmacist," Bozelak warns. "The safest option is to get all of your meds at one pharmacy, but if prices are so different that it necessitates using multiple pharmacies, make sure to have a complete medication list on hand and ask the pharmacists to review it for any drug interactions when filling any new or changed medications."

Another downside: Because some prescription companies sell your data, you might start getting more unwanted phone calls or mailed offers for medical programs.

There's a potential financial downside, too.

"Medicare-eligible patients should know that what they are paying out of pocket using these cash-based discount cards won't count toward their deductible or TrOOP (total out-of-pocket cost)," Bozelak explains. That could be a plus if they are close to reaching the "donut hole" or coverage gap phase of their Part D plan. "If they are close to reaching the donut hole, using these cards can help keep them out of it."

The opposite is true if a Medicare-eligible patient is close to hitting Part D's catastrophic coverage phase, when copays or coinsurance for covered drugs drop significantly after a set amount in out-of-pocket drug costs has been met. "Use of these cards may delay reaching the phase and lead to potentially overall greater out-of-pocket spend," Bozelak says.

You can find more details about drug discount programs, prescription pricing and other cost-savings information related to healthcare at truecostofhealthcare.org and thefrugalpharmacist.com.

Hardship **withdrawals**

Tapping retirement accounts should be last resort

By Jeffrey Steele

Late last year, the Internal Revenue Service and U.S. Treasury loosened rules regarding hardship withdrawals from 401(k) plans, making it easier to pull money from retirement savings without the usual 10% tax penalty for early withdrawal.

But that doesn't mean you can just tap that faucet on a whim.

First, according to the IRS, not all plans have to allow these withdrawals.

"A retirement plan may, but is not required to, provide for hardship distributions," information from the IRS explains.

Even if it does, certain conditions must be met.

"For a distribution from a 401(k) plan to be on account of hardship, it must be made on account of an immediate and heavy financial need of the employee and the amount must be necessary to satisfy the financial need," the IRS says, noting that the need of the employee may also include the need of a spouse, dependent or non-dependent beneficiary.

According to Amy Ouellette, director of retirement services for New York City-based Betterment for Business, the IRS identifies the following specific expenses that qualify:

- Certain medical expenses
- Costs relating to the purchase of a principal residence
- Tuition and related educational fees and expenses
- Payments necessary to prevent eviction from or foreclosure on a principal residence
- Burial or funeral expenses
- Certain expenses for repair or damage to the employee's principal residence that would qualify for the casualty deduction under IRC Section 165.

Many 401(k) plans use these "safe harbor" definitions of hardship because they can help reduce the administrative burden of proving the withdrawal need can be considered heavy and immediate, Ouellette says.

Those with 401(k) accounts should learn their plans' intricacies before making hardship withdrawals, Ouellette advises. They should study what portion of their accounts are eligible for the distribution, or if there are minimum or maximum amounts in play. "You must also be prepared to maintain documentation to confirm the hardship need, as you can only withdraw enough to cover the approved expense, plus expected taxes," she explains.

Look into a loan from the 401(k) plan, if available, before considering a withdrawal, Ouellette says. "These are

Continues on Pg. 9

Continued from Pg. 8

repaid to the plan, meaning you are not permanently removing the funds from your retirement savings, just borrowing them," she adds.

But tapping retirement savings for reasons other than retirement is a reason many older adults lack sufficient retirement funds. So why would the rules be loosened? And what do financial pros think of the practice?

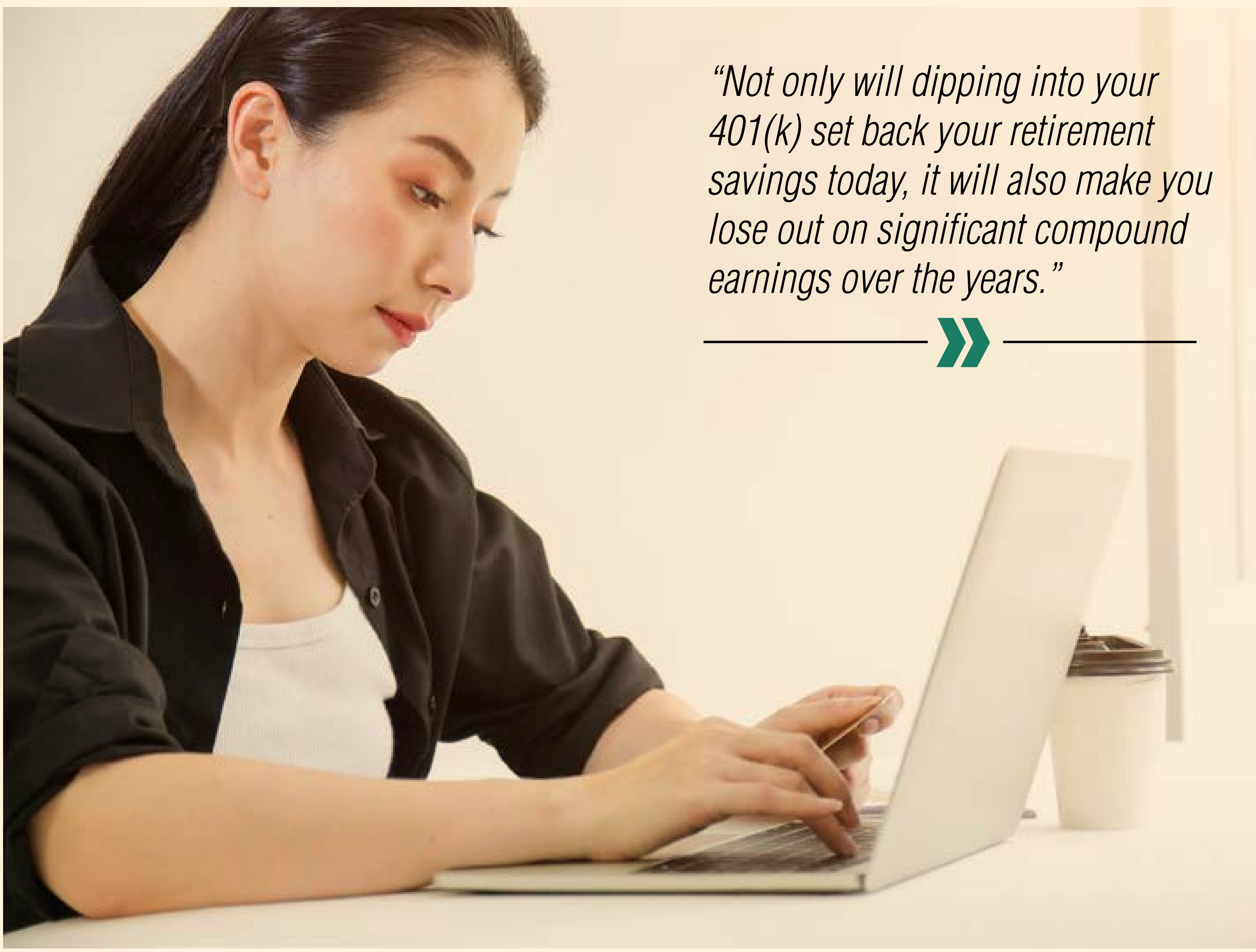
"It's strictly politics," responds Ric Edelman, founder of Edelman Financial Engines and host of the syndicated personal finance radio program The Ric Edelman Show. "Members of Congress love to give money to voters. And if a voter is struggling to buy a house, pay for college, pay for medical expenses, what better way for their elected representative to gain in popularity than by letting them tap their 401(k)s? It's the equivalent of mommy and daddy telling their children they can have candy for dinner. It will make them popular but do nothing for the children's health."

Other experts also take a dim view of using retirement accounts for pre-retirement needs.

Retirement preparedness is entirely different from that of our grandparents' generation, Ouellette says. Largely gone are the days of cushy pensions and guaranteed Social Security checks. With employers ditching defined benefit plans in favor of cheaper defined contribution plans like 401(k)s, Americans shoulder much of the burden alone.

"Not only will dipping into your 401(k) set back your retirement savings today, it will also make you lose out on significant compound earnings over the years," she adds.

Assuming your savings earn a modest 4 percent annual return over the next two decades, pulling $100,000 out of your 401(k) today would be a sacrifice of $220,000 in 20 years, calculates Erica Tarantur, senior vice



"Not only will dipping into your 401(k) set back your retirement savings today, it will also make you lose out on significant compound earnings over the years."

Continues on Pg. 10

Continued from Pg. 9

president and wealth advisor with RMB Capital in Chicago. "The opportunity cost only gets larger the longer you let the money grow and the higher the potential investment return," she reports.

Consider, too, that if you borrow from your 401(k), the loan must be paid back with interest to avoid incurring penalties, says Chuck Czajka, founder of Macro Money Concepts in Stuart, Florida. More often than not, you also must pay the loan back with taxed earnings. If you are in a 22% tax bracket, the cost to repay the loan is 22% higher. The amount you repay will be taxed again at retirement, or when withdrawn.

"From an economic standpoint, it really is a damaging and expensive loan," he says.

Often, alternatives to tapping retirement funds can be found. Renting rather than owning, buying a more affordable house, using student loans for college and taking loans from a life insurance policy's cash value for medical expenses are options.

The bottom line: Stay the course. Because while a 401(k) withdrawal or loan may be seen as a comparatively painless way to solve a current pressing problem, it will only escalate problems in the years ahead.

"If you don't change any of your spending, monitoring or planning behavior, you'll likely end up back in the same place while potentially still owing on your last 401(k) loan," Ouelette says.

Edelman is even more blunt. "This is a retirement account and the money must be regarded as off-limits for anything other than retirement," he says.

Downside to online retirement calculators

Default settings may be too optimistic

By Carla Fried
Rate.com

Online calculators make it easy to chart your retirement savings progress. Plug in what you've saved so far, your expected Social Security and pension payouts, and the free tools will spit out an estimate of how much income you can expect in retirement.

But for anyone within 10 or so years of retirement, those calculators may be too optimistic.

All retirement calculators are pre-set to an expected rate of return. The calculators rely on long-term historical return averages, some dating back to the 1920s. As far as assumptions go, this makes perfect sense. If you are in your 20s or 30s and have decades to go until retirement, relying on the long-term averages is rational.

But you need to be extra careful if you are closer to retirement. Given that we are well into a bull market that has pushed stock valuations into pricey territory, the chances of the next 10 years being as profitable as

Continues on Pg. 11

Continued from Pg. 10

the past 10 are slim. Research Affiliates, a financial firm whose strategies are currently used to manage nearly $200 billion, each month publishes its deep dive into expected returns.

Large-cap U.S. stocks had an annualized return of nearly 15% over the past 10 years, according to RA. Based on where valuations are today, and expected earnings growth estimates and inflation, RA expects median returns over the next 10 years to be 2.6%.

A portfolio 60% invested in stocks and 40% in high quality bonds produced an annualized return of 11.4% over the past 10 years; RA says the expected median return for a 60/40 portfolio over the next 10 years will be 2.5%.

Given the much lower expected returns, anyone nearing retirement might benefit from giving their retirement planning assumptions

For example, Vanguard's retirement income calculator defaults to a 5% expected rate of return. Totally reasonable, based on historical return trends. But perhaps a bit optimistic for the next 10 years. Someone 55 today with $500,000 saved for retirement could have about $2,000 a month in sustainable monthly income based after a 5% rate of return. If the portfolio grows at 2.5%, the reliable monthly income stream would be around $1,600. (Note: This example does not factor in Social Security, any pension income or future contributions beyond the $500,000.)

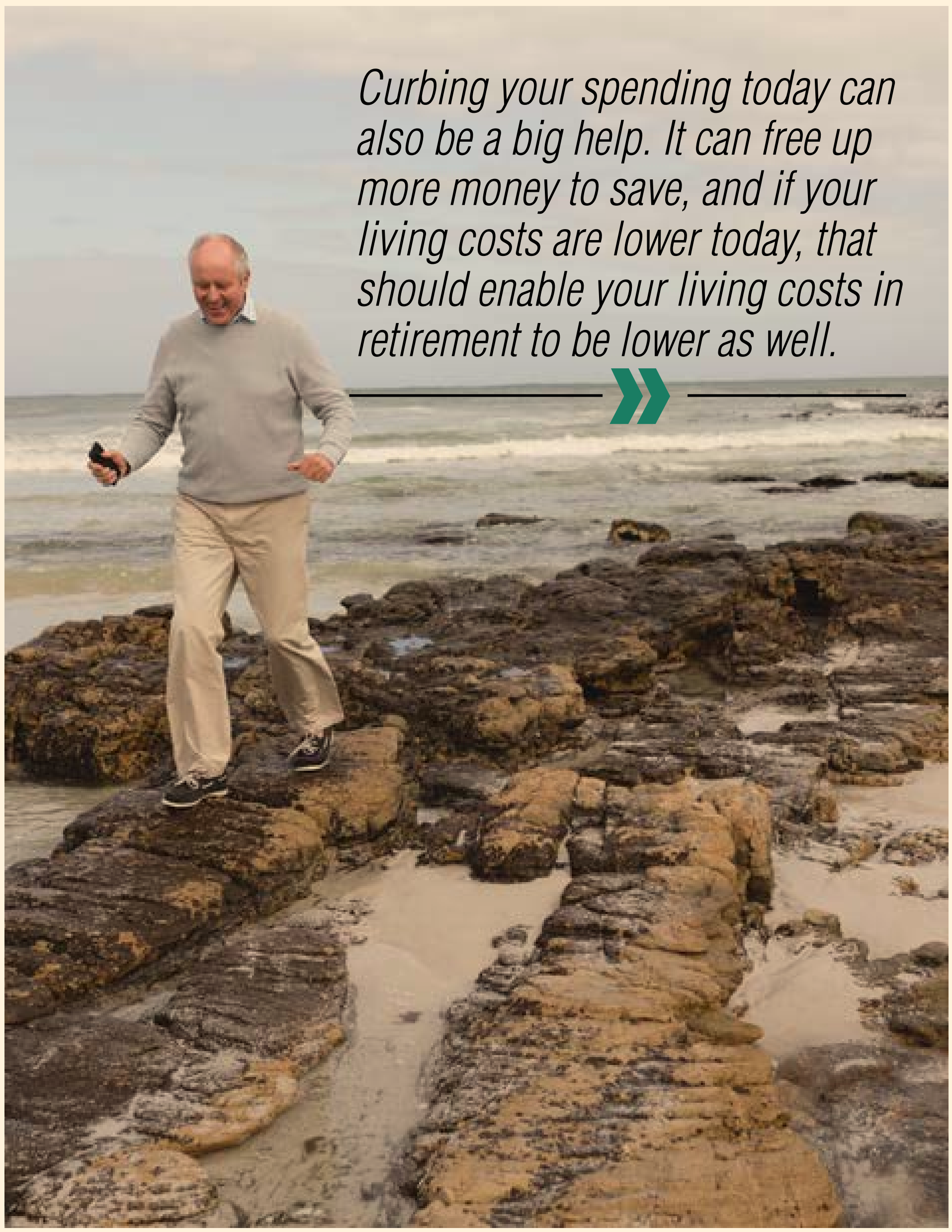
BankRate's tool is set at an even more optimistic 7% annualized return.

To be clear, the default settings for retirement calculators are not "wrong" or intentionally misleading. If you're building a tool for the masses you need to make assumptions, and using the long-term historical average rate of return is logical.

But you are you, and your planning — if you are within 10 or so years of retirement — should be based on a careful tweak of return assumptions.

So, plug in lower returns to reflect your actual asset allocation. If that changes your outlook, you've got time to adjust. The biggest lever is to save more. In 2019 anyone at least 50 years old can contribute up to $25,000 to a 401(k) and $7,000 to an IRA.

Curbing your spending today can also be a big help. It can free up more money to save, and if your living costs are lower today, that should enable your living costs in retirement to be lower as well, which puts less stress on your savings. And waiting to claim Social Security until age 70 can boost your rest-of-life income substantially.



Stuff it

Americans spend a lot on self-storage that could go toward retirement savings

By Carla Fried
Rate.com

You likely have noticed in your town, or driving through its outskirts, that self-storage is an increasingly popular business.

There are an estimated 45,000 storage facilities across the country, and new construction has tripled in the past five years. There is now an estimated 6.5 square feet of self-storage space for every person in America. Households, not companies, account for 80% of industry revenue of $38 billion a year.

What is marketed as affordable convenience comes at a high cost — and masks an oddly American appetite for stuff. It is estimated that 90% of the global storage facilities are in the U.S.

The average monthly cost is about $1 per square foot, but in many urban areas it stretches to about $1.50 or more per square foot, especially if you want to guard against flood damage by having a unit above ground level. That works out to at least $150 a month for a popular 10-by-10 unit. If your homeowner's or renter's insurance policy doesn't cover your self-storage unit — most don't — you'll likely need to pony up another $10 a month for a low level of coverage. That works out to nearly $2,000 a year to store stuff.

You don't need to spend more than 10 minutes watching A&E's "Storage Wars" to know that, more often than not, people are not storing truly valuable possessions or anything of sentimental value. That $2,000 (or more) could be better used.

Save $10,000 over five years and then invest it for another 25 and you will have nearly $35,000 for retirement, assuming a 5% annualized return.

And it's not as if the majority of storage space renters are studio-dwelling city residents. An industry survey a few years ago found that two-thirds of storage units were for homeowners, many of whom had a garage. Nor are those homes increasingly crowded. The average household size has not budged for decades, but newly constructed homes are a lot bigger. The median size in 1980 was less than 1,600 square feet. Today it's pushing 2,400 square feet.

Yet even with 800 extra square feet for new homeowners, self-storage is a growth industry.

Whether you currently have a self-storage unit (or two or three), or are on the verge of getting one,

Continues on Pg. 13

Continued from Pg. 12

there is a financial and emotional upside to making the decision to purge instead. Consider:

• **When was the last time you used this stuff?** Months? Years? Can't remember? C'mon. It's one thing to hold on to a $10 monthly subscription to Spotify, Apple News or another subscription you don't use that often, but paying $150 or more a month to store stuff you don't use is a budget drain for no good reason. If you're contemplating "decluttering" by just moving stuff to a storage unit, ask yourself why. If it's a valuable or treasured heirloom, that is one thing. If you simply want your stuff to be out of sight, out of mind, then treat yourself to the financial and psychological upside of letting go.

• **Holding on to stuff for when your kids have a place of their own?** You might want to ask them. Their tastes likely are different than yours and they may not have room for this stuff either.

• **Feeling sentimental?** Understood. A popular exercise in purging circles is to winnow down your sentimental keepsakes. One piece of furniture, rather than five. A favorite piece of art, not the seven you no longer have the wall space for after downsizing.

• **What about gifting and donations?** Let family and friends know what you are ready to let go of. If it finds a new home with someone you know, that's a win-win. And there will also be an appreciative recipient awaiting what you decide to donate, as long as you are donating quality items, not junk. If it's damaged, stained, falling apart or useless, toss it.

• **Why not cash in?** Rather than spend cash on self-storage, consider selling everything you don't need. You can go old school and try a garage sale, or go digital: eBay, Craigslist and your local NextDoor network make selling stuff easier than ever.

• **Stuck?** You don't have to be an outright hoarder to find purging difficult. A decluttering coach might give you practical advice and emotional support to let go. You can find local help at the website of the National Association of Productivity & Organizing Professionals.

Paying $150 or more a month to store stuff you don't use is a budget drain for no good reason.

When bankruptcy **makes sense**

Seniors with growing debt may need protection it provides

By Ed Avis

Debt is a painful reality for many senior citizens.

According to the 2016 Survey of Consumer Finances by the Federal Reserve Board, the median debt for households over age 65 was $31,000 that year. Some of that debt is mortgages, but the most painful debt is not: Medical debt and credit card debt were the two most-cited sources of senior debt problems in a 2015 study by the National Council on aging.

It's no surprise that many seniors eventually seek protection from debt by declaring bankruptcy.

"Bankruptcy is an emotionally difficult and often draining experience," says Todd Christensen, education manager for Money Fit, a non-profit organization that offers debt relief programs.

But its benefits can make those travails worthwhile.

"Bankruptcy can offer protection from creditors for certain assets, from a home or vehicle to wages," Christensen says.

Bankruptcy exists for a reason, and sometimes declaring bankruptcy is the right thing to do. For example, if a health crisis forced you to run up your credit cards and you are chewing through your retirement savings, bankruptcy might be the lifeline you need to stay afloat.

"One of the most financially self-destructive tactics I've seen is when consumer debtors liquidate their exempt retirement accounts in order to pay unsecured debts — typically credit cards — which could easily be discharged in bankruptcy without ruining their retirement," says Don Petersen, a

Continues on Pg. 15

Continued from Pg. 14

Florida attorney who specializes in representing consumers facing debt collectors.

When someone declares bankruptcy, the court sells some of their assets to repay the debt they are trying to discharge. But as Petersen notes, retirement accounts and some other assets are exempt from that.

"Bankruptcy law exempts ERISA (Employee Retirement Income Security Act of 1974) qualified pension plans and most other retirement assets, including any pension assets exempted under applicable state law," Petersen notes. Your Social Security payments also are protected.

However, your savings accounts and other liquid assets are not exempt unless they're held in an exempt account, such as an IRA.

What about your house? Depending on where you live, that may be exempt, too.

"Some states, including Florida and Texas, have homestead exemptions which allow many debtors to exempt their homestead regardless of value," Petersen says.

One major drawback of declaring bankruptcy is the significant hit to your credit score, which will drop anywhere from 25 to 30%, Christensen says. That means you'll pay higher credit card rates and homeowners and auto insurance rates — and it will be nearly impossible to get a loan. Experian reports that a bankruptcy remains on your credit report for 7-10 years.

On the other hand, if you're facing bankruptcy, your credit is likely in bad shape already. And if you're a senior citizen, how much does it matter that a bankruptcy is on your credit report? That's a calculation you need to make based on your situation: Is wiping out your retirement savings to pay off the debt the best move if you are in the autumn of your life?

"Some states, including Florida and Texas, have homestead exemptions which allow many debtors to exempt their homestead regardless of value."

"Filing for bankruptcy will kill your credit," says Chane Steiner, the CEO of Crediful, a personal finance web site. "However, if you're not interested in accruing more debt, moving or otherwise seeking services which might require good credit, this isn't necessarily a downside. It depends on what your expectations are moving forward."

If you think bankruptcy is an option, the first step is to get professional advice. In fact, credit counseling is a requirement before filing for bankruptcy, Christensen says. Such counseling could help you discover other ways to relieve your financial situation, such as renegotiating or consolidating your debt.

Career Changer

Return to college just the boost former marketing pro needed

By Kathleen Furore

Almost four years ago, at age 63, Jacob Brown decided he'd had enough of the marketing career he'd built over the past three decades.

"I decided it was time for a change and begin preparing for my retirement career," Brown recalls. "I'd been working in my old career for over 30 years, and as an old pro, I could do it with my eyes closed. I wanted something that I found more challenging and more engaging."

That "something" started as a master's degree in counseling psychology from The Wright Institute in Berkeley, California, and ultimately became a new career as a psychotherapist.

"I help seniors, and senior couples, navigate the physical and emotional challenges of aging," Brown explains.

Brown, who turns 67 in April and lives with his wife of 33 years in Sausalito, explains how his decision to pursue new opportunities led him to the place he feels he's always belonged.

Jacob Brown

Continues on Pg. 17

Continued from Pg. 16

Q: How did you decide to take the back-to-school route?

A: At first, I didn't know what I wanted to do. I investigated a variety of possible careers, but as I searched I remembered how interested I'd been in psychology when I was an undergraduate over 40 years ago. I'd thought about becoming a therapist, but life took me in a different direction. I started to look into opportunities to become a therapist, and everything just fell into place; it had that feeling of being meant to be.

I found an evening program designed for working professionals and started school in September 2016. Luckily, I had a flexible job — and a flexible spouse — so I was able to cut back on my work hours and go to school evenings and weekends for two years.

Q: When did you start working full time as a psychotherapist?

A: For about a year after I received my masters, I continued to work part-time in both my old career and as a therapist. This January, I just quit my job and became a full-time therapist.

Q: What do you like most about your new career?

A: My favorite things are that it's a constant challenge — being a therapist is a lot harder than it looks; the deep level of connection I feel with my clients; and how much I've grown and changed as a person.

Q: Any surprises?

A: It turns out that there's lots more administrative work and paperwork than I ever imagined. That's not my favorite part of the job.

Q: What advice do you have for anyone nearing or in retirement who might be thinking they don't really want to be retired?

A: If you're lucky, you'll live a long and healthy life. I think that just finding a pleasant way to relax for the rest of your life is selling yourself short. I think in today's world, many of us want to remain active and do something that we find meaningful and satisfying. It may take some effort, but you can find a path.