

***** Seniorresource.com E-zine *****
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A. HOW GOOD ARE WE AT SAVING VOLUNTARILY?

Barbara Krueger

Thirty years ago, in 1975 the Internal Revenue Service first allowed Americans to voluntarily contribute to an individual retirement plan (IRA) for their future retirement, as long as their employer did not already have a retirement plan for them. At the time \$1500 a year was the maximum contribution allowed to put into an IRA. There was no limit on how much you could earn to contribute, but you could not contribute an amount in excess of your earnings (i.e. a wife with no earned income of her own could not contribute \$1500 to an IRA in her name). Several years later the allowed contribution was raised to \$2000 per year and regulations were modified to allow an unemployed spouse to contribute to an IRA in her/his own name. In the intervening years, KEOGHs and Simplified IRAs were legislated allowing self-employed individuals to voluntarily contribute larger amounts as a percentage of their earnings. More recently the maximum yearly contribution allowed into traditional IRAs was increased to \$3000 per year and weighted to allow older workers (50+) to contribute more (\$3,500) in an attempt to boost their retirement nest egg at a time when they are getting closer to needing to rely on it to make ends meet. Roth IRA legislation went into effect in 1998 allowing workers to voluntarily contribute to a different kind of IRA. The Roth allowed an after tax contribution of up to \$2000 annually. The Roth would then grow tax free and be usable in retirement with no taxes levied on the earnings upon withdrawal, which over 10, 20, or 30 years compounded, can be considerable. There were limits on the amount a worker could earn (\$100,000 for an individual and \$150,000 for a couple) and contribute to a Roth but the first year the Roth IRA was around, if your earnings qualified you, you could roll a traditional IRA into a Roth and pay the income taxes on the rollover over four years.

I'm sure many of us have stories of why we did or didn't open an IRA, Keogh, Roth in the past 30years. A favorite is this one:

After 4 years with a company in the 70's I learned that I had \$1.33 in my retirement account which was contributed by my employer through their Atop heavy@ retirement plan. (Later Federal regulations were changed and retirement plans could no longer pay large percentages to high level employees and lesser percentages to other employees.) But the initial regulations for IRAs said that you could not contribute to an IRA if you had a retirement plan through an employer. I went to my immediate vice president and said I wanted to sign papers giving up the right to the \$1.33 in my retirement account. The reason? It would leave me free to contribute \$1500 per year to an IRA. At the next review I was told by the V.P. I was not a team player. A team player would not opt-out of the company retirement plan!*

Among the revisions made to voluntary retirement opportunities, the 401(K) was introduced, a joint retirement plan that combines employee voluntary contributions with employer-matching funds. Maximums are set as a percentage of income. All this history is prelude to the realities. In spite of twenty-six years (1975 to 2001) of possibility for growing a formal retirement nest

egg voluntarily, in the year 2001, the most recent broad survey by the Federal Reserve Board, a typical worker between the ages of 55 and 64 had a total of \$42,000 between 401(K)s and IRAs. That would relate to workers who were between the ages of 19 and 28 when the first IRAs were allowed. If the worker of 55 had contributed the maximum they could have each year since 1975, one expects them to have deposited in excess of \$42,000 during those years. This indicates what poorly disciplined savers they are, how close to the vest their income permits them to live, what poor decisions they made in investing their IRAs in an effort to grow the retirement moneys over the years and what poor decisions the professionals made with their 401(k)s. Forty-two thousand in a retirement plan can be expected to generate a monthly annuity payment of only about \$200. In fact a recent Cox News Service article by Peralte C. Paul points out that today's youngest seniors and oldest wave of baby boomers will carry more debt than previous retirees. Their debt is mortgages, revolving credit and obligations incurred by their children. Used to getting what they want, when they want it, should we be surprised that retirement living expectations are a continuation of the same? How will they manage to live on social security?

If the greatest generation of savers, those who were impacted by the Great Depression of 1929 could not raise children who could save and invest wisely, what can we expect from the generation raised by big debtors? Can we expect them to give up relying on government-managed social security to make voluntary contributions to a self-managed retirement plan that may do a better job?

Thank you to William Parr, Financial Services Representative with [Fidelity Investments](#) for his help with IRA regulations and locating the government's publication about IRAs
From B. Krueger, President of [seniorresource.com, LLC](#).

B. WHEN A BENEFICIARY DIES

From "ASK MICHAEL" in Michael Malloy, CLU's Life Insurance Law Newsletter

The Question:

One of the three primary beneficiaries of my client's life insurance policy, his oldest daughter, died just before my client passed away. There is no clear provision in the policy as to what should be done under these circumstances. What would be the typical outcome in a case where there is no pertinent policy provision addressing the disposition of the proceeds when one of several primary beneficiaries has an untimely death?

J. B. Dillard, Esq. Phoenix, AZ.

The Answer:

This is a succession-in-interest dilemma. There are three possible ways the deceased daughter's interest might be disposed. It might fall back to your client's estate, on the theory

that where there are multiple designations, the interest of each beneficiary is severable and is contingent on the beneficiary's surviving the insured. Her interest might be divided equally among the two remaining primary beneficiaries, on the theory that the designation of multiple beneficiaries creates a form of undivided interest, analogous to a joint tenancy, with right of survivorship. Finally, the interest might pass along to the children of the daughter, on the theory that a primary beneficiary has a vested interest in the proceeds that cannot be defeated by her failure to survive the insured. In most cases it has been ruled the surviving primary beneficiaries share the deceased beneficiary's proceeds.

Make note of how this might effect your wishes!

C. THE MEANING OF TRUE LOVE

It was a busy morning, approximately 8:30 am, when a gentleman in his 80's, presented to have sutures (stitches) removed from his thumb. He stated that he was in a hurry as he had an appointment at 9:00 am. I took his vital signs and had him take a seat, knowing it would be over an hour before a physician would be able to see him. I saw him looking at his watch and decided, since I was not busy with another patient, I would evaluate his wound. On exam it was well healed, so I talked to one of the doctors, got the needed supplies to remove his sutures and redress his wound.

While taking care of his wound, we engaged in conversation. I asked him if he had another appointment this morning, as he was in such a hurry. The gentleman told me no, that he needed to go to the nursing home to eat breakfast with his wife. I inquired as to her health. He told me that she had been there for a while and that she was a victim of Alzheimer Disease. I asked if she would be worried if he was a bit late.

He replied she no longer knew who he was. She had not recognized him in five years.

Surprised, I asked, "And you still go every morning, even though she doesn't know who you are?"

He smiled as he patted my hand and said. "She doesn't know me, but I still know who she is."

I had to hold back tears as he left. I had goose bumps on my arm and thought, "That is the kind of love I want in my life." True love is neither physical, nor romantic. True love is an acceptance of all that is, has been, will be, and will not be.

Sent to [us](#) by judybarb

D. WITH AGE COMES THE LUST FOR NEW EXPERIENCES

According to David Wolf's 1990 book "Serving The Ageless Market" with age comes a lessening of the interest in possessions and a greater desire for new experiences. What better way to have new experiences than to travel to places you haven't been before? Or to travel to places you remember fondly and want to relive with greater wisdom?

"Our home is filled with mementos we have accumulated in our travels. If not for them our walls would be bare and our shelves would hold only books."

Anonymous at 67.

Methods of travel in retirement are as varied as they were during the working years.

One couple's idea is to buy a mobile home and set off across the U.S. for months at a time. They stay a few weeks or months in one location and when they are ready they move on. Some RV-ers were used to this mode of vacation before and have just made their trips longer or more frequent. Others became RV-ers when they retired. Single women, will rarely be RV-ers unless there are two of them. In fact there is a large community of lesbian retirees that like to RV. While cruising and tour groups provide safe peer environments for single travelers.

We met a couple who had emmigrated to America from South Africa and bought an RV in Europe. They keep their travel home parked in Holland and when they are ready to vacation they fly into Amsterdam, pick up their home, and travel to wherever they feel inclined.

Some seniors join travel tours to exotic places and others choose to see the world while cruising. As we age some aspects of our health become uncertain. Needless to say changing health status can also adapt the way we live-out our wanderlust. Traveling with a tour group or on a cruise ship can take some of the worry out of medical concerns for travelers, because the professionals tour guides or ship personnel are used to handling crises. Looking into medical insurance for travelers is also an option. There is a variety of coverage available from ones that reimburse you your medical expenses for visits and care away from home, to ones that will cover medical evacuation from some remote part of the globe. For frequent travelers there are also medical travel policies that can be bought by the year instead of by the trip.

Companies with website addresses like Eldertrek.com and Elderhostel.org are expanding their trip offerings yearly to accommodate the increasing number of those 50 or 55 and older who want to experience new adventures, not just accumulate more things.

E. DID YOU KNOW...?

Canadian scientists (American Journal of Clinical Nutrition, February 2005) found that a diet containing almonds and rich in fiber (psyllium, oats, barley okra and eggplant) can help reduce cholesterol. The diet with the best results also included cholesterol-lowering margarine, soy milk and meat substitutes.

The Federal Highway Administration has recommended increasing the size of lettering on street signs. A Texas city increased the size of their lettering to 6 inches and one in upstate New York has gone to 9 inches. To make cities more age-friendly the timing of walk signals is also being increased.

On Warfarin, Coumadin or another blood thinning medication? Then stay away from flax supplements. Touted recently for it's alpha-linolenic acid, an omega-3 fatty acid which aids in maintenance of healthy cell membranes and it's ability to relieve inflammation associated with lupus and arthritis, flax seed supplements being recommended for menopausal relief is also believed to counteract the anti-clotting effects sought from prescribed anti-clotting medication. Weigh all factors before trying new alternative/herbal treatments.

Scientists at New York University School of Medicine, seeking ways for early detection of Alzheimer's Disease, report that the hippocampus appears to be the first region of the brain to be effected, by shrinking. Until such lines of research lead to a cure, the Alzheimer's Association's prevention conference shared the following:

*People who drink fruit or vegetable juice at least three times weekly seem considerably less likely (four times less) to develop Alzheimer's than non-juice drinkers. It's believed polyphenols which appear in high doses in juices play a role in protecting the brain.

*Less education (learning stimulates neural growth) and decreased socialization in the later years (less stimulation to the brain) increases risk.

*Gum disease early in life can cause brain-harming inflammation increasing Alzheimer's chances.

The new bankruptcy law (April 2005) protects benefits provided by IRAs and those previously rolled into IRAs from 401(K)s up to \$1 million. Rollovers to IRAs from employer-sponsored pension plans are not exempt.

Trust & Estate Planning News
Issue 21 (topica.email publisher.com)

Overmedication or mis medication is the cause of hospital admission for at least 30% of Medicare patients. Recent studies have shown that older adults (65 and over) are especially vulnerable to medication related problems, as they are the greatest consumers of prescriptions and over the counter (OTC) medications. Because they may be suffering from one or more chronic illnesses, they are more likely to be taking multiple medications concurrently. Although age related changes vary, in general, changes in metabolism and body structure begin around age 50. As these changes occur, medications begin to stay in the body longer, so they build up and can cause multiple side effects such as dizziness, falling, forgetfulness, agitation and

depression.

(Michael Malloy, CLU "Life Insurance Law Newsletter")

There are over 200 free-drug programs, many of which are hard to discover, and add to that complicated rules for eligibility. To be eligible for most of these confusing-to-research-and apply-for programs, people must earn no more than \$19,140 yearly and not have prescription drug insurance or access to government programs that provide it. *However, some states' free clinics do participate in assisted-prescription programs, and many drug companies, including Merck and Pfizer contribute their expensive drugs to these assistance programs. If you're interested in finding out whether your drug company assists with free or low-cost prescriptions plans, try looking up the company's name in google.com. Then on the company's website search until you come to "community programs" or assisted prescription services, or the like.

*Added by editor Betsy Day

F. THOUGHT FOR THE DAY

You can tell you have created God in your own image when it turns out that he or she hates all the same people you do. By Anne Lamott (author of "Traveling Mercies") (from the "salon.com" Web site)

G. FREE

It was shocking to learn that according to FBI records the most frequent crime committed by seniors is driving under the influence. With that as a background perhaps this free offering from GettingThemSober.org is appropriate. The nonprofit charitable foundation has but one mission---to produce and freely distribute to families of alcoholics and health professionals, our "Getting Them Sober" video along with a free copy of the "Getting Them Sober, Volume one" book. This book is endorsed by "Dear Abby" and Dr. Norman Vincent Peale, and has hundreds of suggestions for the family of the alcoholic. The [GettingThemSober](#) has been lauded by AmericaOnline. Receive the free package by sending [email](#) with your request and your name and mailing address.

H. SPECIAL SURFING SITES

[PassagerPress.com](#) is a 15-year-old, bi-annual International journal that focuses on the writing of those over 50. One issue per year covers an annual poetry contest (only 50+ poets need

enter). The second issue is not age restricted and includes poetry, fiction and memoirs. The publishers give credit to a writer friend, Del Marbrook, who said of his own work, "I've been writing all my life and finally I have something to say!" Perhaps you do also!

CruiseCompete.com and SoldOutShips.com offer access to unsold cabins/suites on cruise ships. Cruise travel agencies buy, or reserve, blocks of cabins for their customers. This can lead to other agents not being able to get bookings for their clients. Visit CruiseCompete.com and view many listings that appear to be "unavailable and request a quote. You can then respond to the offering agency to book what is apparently NOT all sold out.

Thinking of taking trains to tour in Europe? Find European state railway information at <http://www.railfaneurope.net>.

I. OH MY AGING FUNNY BONE

Poem for Seniors
A row of bottles on my shelf
Caused me to analyze myself.
One yellow pill I have to pop
Goes to my heart so it won't stop.
A little white one that I take
Goes to my hands so they won't shake.
The blue ones that I use a lot
Tell me I'm happy when I'm not.
The purple pill goes to my brain
And tells me that I have no pain.
The capsules tell me not to wheeze
Or cough or choke or even sneeze.
The red ones, smallest of them all
Go to my blood so I won't fall.
The orange ones, very big and bright
Prevent my leg cramps in the night.
Such an array of brilliant pills
Helping to cure all kinds of ills.
But what I'd really like to know.....
Is what tells each one where to go!
Sent to us by Gini Pederson.

Thanks to the internet, Betsy Day, who lives in Virginia, is our copy editor.

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Edited by Betsy J. Day.

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