The New World of DIY RETIREMENT

BY **DEBBIE CRAIG**

MY GRANDMOTHER worked for herself. She was a hair stylist in a salon. Every time she needed a little extra cash, she would go to the refrigerator, open up the vegetable crisper, unroll a piece of foil and take out a $20 bill. We always called it "Nanny's cold cash." This also may have been the extent of her retirement planning, other than her Social Security check every month.

In the Detroit neighborhood where I grew up in the '70s, it seemed like everyone else's parents were set for life with pensions from their jobs with the Big Three (Ford, General Motors and Chrysler). My dad, though, was a small business owner—an independent insurance adjuster with four branches in Michigan—so he did not have a pension to look forward to. I was always well aware that there was not going to be anybody waiting with a monthly check for him at the other end of his career.

It turns out that my dad and my grandmother were ahead of their time. As a certified financial planner, I have watched the retirement landscape evolve. Now I know that about 80 percent of Americans work for small businesses with fewer than 100 employees. And today, 50 percent of working Americans have no pension, or defined benefits plan.

Pensions are now the exception, not the rule. Even people who were hired at General Motors after 1993 no longer have pension plans. Even the biggest corporations in America, like ITW and Citigroup, do not have pension plans. Generally the only people with pensions these days are municipal workers, such as those at police and fire departments, governmental employees and teachers—and even this is changing.

Most of us working Americans today have to save the money for our retirement on our own. Companies we work for may help a little bit. Businesses tend to put matching funds (often 4 percent) into a 401(k) or a retirement plan for their employees, which these employees take with them when they leave. For the most part, however, workers have to design their own paycheck in retirement. We aim to get to the end of working life with—we hope—a nest egg.

Exactly how do we create a "pension" for ourselves with this money? How can we feel sure that our little nest egg will last as long as we do?

I help people prepare by finding ways to utilize their money in a less risky approach so that these clients will not run out of their nest egg no matter how long they live. Only when they feel confident in the plan can they take the next step into retirement.

Though it sounds like the easiest thing in the world to many people, actually taking that step and retiring can be difficult. Not only are people at that point no longer contributing to their retirement account; they are also starting to draw from it—it's a double whammy.

If you've been a saver and have always contributed 10 percent from your paycheck into a savings account, it can be psychologically and emotionally tough to start pulling 5 percent out of your accounts every month and using it to live on. In fact, some people can't do it. I had one client who wanted to go back to work after about a year because she was used to seeing the balances go up; she could not handle seeing them come down.

To be able to feel secure in retirement, you also need to make sure that you are in a relationship with a financial planner you really trust. Don't settle for someone who just says, "Trust me; it's all going to work out." You have to work with someone who has a commonsense approach to generating that income check and utilizing your savings, and who is also willing to take time to explain it to you so you understand.

Helping people who are responsible for designing their own retirement is one of my passions. Just like my parents, my clients want to retire, relax and have a monthly check for the rest of their lives—without having to raid the fridge!

Debbie Craig, CFP, MBA, CRPS, has more than 16 years experience advising clients. She is a branch manager with Craig Wealth Advisors, an independent branch of Raymond James Financial Services, member FINRA/SIPC, with offices in Traverse City and Alden. She is the developer of the "Piece by Piece Retirement Income Model." All opinions belong to Craig and are not those of Raymond James. She can be reached at Debbie.craig@raymondjames.com or visit her website www.craigwealthadvisors.com.