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# LIVING WELL

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## Are you ready to retire?

How economic and life events affect savings

Recent research from various sources has uncovered an upsetting trend in financial planning in America: Many Americans nearing retirement are under-prepared. But less studied are the reasons why Americans are so ill-equipped to fund this major life stage. What events have transpired to make retirement financially burdensome even for those who have long planned their exit from the workplace?



**KELLY FOX**  
 MONEY MATTERS

A recent survey done by Ameriprise Financial of retired and working Americans ages 50-70 unveiled that the overwhelming majority (90 percent) has experienced some economic or life event that has had a financial impact on their retirement savings goals. The average respondent experienced four of these events, which range from derailers that are beyond their control such as the effects of the recession, to family and lifestyle choices that have lasting financial consequences. In the end, these events set respondents back \$117,000 on average. In fact, nearly two in five of the respondents (37 percent) experienced five or more unanticipated events costing them approximately \$144,000.

The most commonly cited derailer, which nearly two-thirds (63 percent) of survey participants report experiencing, is low interest rates that impacted the growth of their retirement assets. More than half (55 percent) say the recession significantly lowered their retirement savings due to market declines, and one-third (33 percent) of respondents convey that their home equity is not going to help as much as anticipated for retirement. Other common derailers include supporting a grown child or grandchild (23 percent), pension plans that are not worth as much as planned or have been discontinued (23 percent) and bad investments (22 percent).

It's impossible to predict which events may happen in the future that could derail your retirement plans, but there are ways to help lessen the impact of unexpected derailers. Here are a few:

► **Save as much as you can.**

Nearly three in five (57 percent) survey respondents say they wish they'd started saving earlier. Saving systematically into a 401(k) and other investments as early and often as possible is a great way to prepare for retirement over the long-term. Calculate what you think you'll need for various expenses in retirement

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Nearly destroyed by wind and killer waves more than 100 years ago, the coastal island of Galveston provides some ...



PHOTOS BY ROGER FASTESON / FOR THE SUN CHRONICLE

The nostalgically-named Galveston Island Historic Pleasure Pier opened in May 2012 after a multi-million dollar renovation. There's a 100-foot ferris wheel, a vertical-lift steel coaster, a 200-foot swing tower, midway games, live entertainment, three water playgrounds, restaurants and shops.

BY **LINDA FASTESON** | FOR THE SUN CHRONICLE

We were on an island with gentle breezes and shimmering water with the lyrics of the 1969 Glen Campbell hit "Galveston" dancing in our heads. We heard the "sea winds blowing" and watched the "sea waves crashing" and "sea birds flying in the sun," all on this Texas island in the Gulf of Mexico.

With 32 miles of beaches and average temperatures of 57 degrees in winter and 81 degrees in summer — and the sweet scent of oleanders wafting through the air — Galveston is a year-round treasure, including the holidays.

Named for Spanish colonial governor Bernardo de Gálvez, who helped defeat the British during the

American Revolution, it's said that buried treasure was left behind when Jean Lafitte's pirate colony was run out of town in 1814.

Sweet scented Jamaican flowers a merchant shipped here for his wife in 1841 are now so abundant that Galveston is known as the City of Oleanders. The port's cruise passenger traffic is the fourth highest in America.

Once the largest cotton exporter in the world, Galveston was so successful as a shipping and financial center that the street known as The Strand was called the Wall Street of the Southwest.

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### Sites to be seen

**Clockwise, from right:** The Galveston Railroad Museum has one of the largest restored railroad collections in the US, including over 40 locomotives and other rail vehicles from when rails shaped the nation. The Hotel Galvez & Spa celebrated its 100th anniversary in 2011 with an \$11 million renovation. The historic exterior and splendor of the Queen of the Gulf was retained and luxurious amenities were added. Its Hall of History tells its colorful story including famous guests like Presidents Franklin D. Roosevelt, Dwight Eisenhower, Lyndon Johnson and Richard Nixon. The First National Bank of Galveston has been restored and is used to exhibit works of Galveston artists.



## Resolve to make estate planning decisions this year



**ROBERT DESCHENE**

It's that time of year when many of us firmly resolve to go back to the gym, lose those extra pounds or get organized.

New Year's resolutions date back to the Babylonians and stem from our deep human need for hopeful new beginnings. The Roman god Janus, for whom January was named, was aptly depicted with two faces,

one pointing toward the past, the other toward the future.

For procrastinators, a new year offers a perfect opportunity to shake off indecision. Forty-five percent of Americans make New Year's resolutions, but only eight percent succeed. The main reason for failure: People choose too grand a goal, instead of aiming for realistic, achievable steps

to improve their lives.

Here are some suggestions of attainable estate planning goals for the coming year:

**Make a will**

Over two-thirds of Americans don't have a will. If you die without a will, your property may go to people you never intended. You may as-

sume all your property will go to your spouse, for example, whereas part of it may go to an estranged child from your prior marriage. If you have a will, but it is very old, you should ask yourself if major life changes — like marriages, divorces, deaths, or births of new children or grandchildren —

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ROGER FASTESON / FOR THE SUN CHRONICLE

Moody Mansion is filled with the furnishings and personal effects of a family that built one of the largest fortunes in America.

## EXPLORE: Galveston one of top tourist destinations in Texas

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This jewel of Texas at one time was the state's largest city and first to have amenities like gas lights, electricity, telephones, electric street cars, a post office, an opera house and a hospital.

Then in 1900, the Great Storm struck with 15-foot waves and over 100 mph winds. It demolished a third of the city and killed more than 6,000 people — one of every six residents.

The seawall was expanded, and dredged sand was used to raise the city 8 feet and slope it to the bay.

The grand Hotel Galvez, Queen of the Gulf, opened in 1911, and when the causeway was completed in 1912, trendsetting tourists came in droves to this seaside resort.

Galveston has the largest concentration of Victorian iron-front commercial architecture in America. And, sculptures made from hurricane-damaged trees adorn many yards in the East End Historical District.

The East End's grandest mansion is Bishop's Palace. Built between 1886 and 1892 for railroad magnate Walter Gresham, it became the home of Bishop Byrne. The American Institute of Architects named it one of the 100 most important buildings in America.

Moody Mansion was purchased for \$20,000 after the Great Storm by W.L. Moody, named one of the 10 wealthiest men in America by Time Magazine. The furnishings of this family that built a fortune on cotton, banking, ranching, insurance and hotels remain.

And, there are other attractions.

Step aboard a retired and refurbished rig and learn about drilling and oil and gas production at the unique Ocean Star Offshore Drilling Rig & Museum on Pier 19.

The Texas Seaport Museum features the port's commerce and immigration and the restored 1877 tall ship *Elissa* that transported Texas cotton to European mills.

Train enthusiasts head for the Galveston Railroad Museum in the Art Deco Union Depot. It's one of the largest restored railroad collections in America.

The Strand Historic District offers shopping, dining, gallery browsing, and events like Art-Walk, Dickens on the Strand, and Mardi Gras! Galveston draws more than a half-million



ROGER FASTESON / FOR THE SUN CHRONICLE

One of the best places to spot dolphins and seabirds is around Galveston's shrimp boats.



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Not to be missed is the 242-acre Moody Gardens, a destination in itself that is easily recognized by its three pyramids, including this Aquarium pyramid.

revelers.

More boutiques, art galleries, and eateries are found in the trendy Historic Arts and Entertainment District. Its Grand 1894 Opera House survived hurricanes to be one of America's finest historical theaters and the Official Opera House of Texas.

The Hotel Galvez & Spa celebrated its 100th anniversary in 2011 with an \$11 million renovation.

Galveston Island Historic Pleasure Pier opened in May 2012 after a multimillion dollar renovation. There's a 100-foot Ferris wheel, a vertical-lift steel coaster, a 200-foot swing tower,

midway games, live entertainment, water playgrounds, restaurants, and shops.

The 242-acre Moody Gardens is easily recognized by its three pyramids.

Explore sea life and go behind-the-scenes for an unforgettable Penguin Encounter at the Aquarium Pyramid. Solve mysteries of science at the Discovery Pyramid, and spot free-roaming monkeys, exotic birds, and other tropical wonders in the 10-story Rainforest Pyramid, recently given a \$25 million redesign.

Schlitterbahn Waterpark's attractions include uphill water coasters, whitewater rap-

ids, family raft rides and a river system. This world's-first convertible water park can be opened or enclosed for year-round enjoyment.

Board a World War II submarine and Navy destroyer at Sea Wolf Park.

The Lone Star Flight Museum is home to the Texas Aviation Hall of Fame and one of the finest collections of restored aircraft and aviation exhibits in the world.

And, there's dining.

Try the East End's family-owned Sunflower Bakery & Café's homemade breads, pastries and tomato basil soup.

It's Greek family recipes, steamed clams, Texas oysters, and friendly service at Olympia The Grill at Pier 21. There's a dockside patio and Fridays and Saturday night, authentic belly dancing.

Southern Living Magazine named the Hotel Galvez's Sunday champagne extravaganza the Best Brunch in Texas. The Rooftop Bar of its sister property, the Tremont House, has a great view of the harbor and historic downtown area.

For Southern comfort food, the unpretentious Miller's, next to the Hotel Galvez, serves all-day breakfast and a \$9.49 lunch special.

Gaido's Seafood Restaurant, a fourth-generation family restaurant, is where locals celebrate special occasions with Gulf Coast seafood and pecan pie — named the best in Texas by Texas Monthly magazine.

## FOX: Road to retirement has potholes, save money now

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and save accordingly. If possible, save even more than you think you'll need. Consider setting aside bonuses or tax returns into retirement savings, and increase your contributions to your employer-sponsored retirement plan as you near retirement. If you're nearing retirement and coming up short, determine how you may spend less and save or perhaps work longer.

### ► Make a budget.

Making a budget and sticking to it can be helpful in making day-to-day spending decisions. One-third (33 percent) of survey respondents admit they wish they would've spent less cash on extra expenses like eating out and vacations. Though some of these activities can be successfully integrated into your overall financial plan, being prudent with your money is sometimes a matter of making trade-offs now to help avoid having to make them the future.

### ► Maintain an emergency fund.

You've likely experienced a financial event — such as an unexpected car repair or medical bill — in which you relied on your emergency savings. After you leave the workforce, maintaining an emergency fund is perhaps even more important, yet only 33 percent of respondents are extremely or very confident they can afford such an expense in retirement. Unexpected events are inevitable, but you can prepare for bumps in the road before and during retirement by factoring them into your financial plan and keeping cash on hand.

### ► Purchase the right kind and amount of insurance.

Half of retirees and pre-retirees who experienced the death of a spouse or a disability had adequate insurance coverage and were able to maintain their lifestyle — but half did not. Consider disability, life and long term care possibilities and be thorough in doing your homework before choosing which kinds and how much coverage you need. Also, determine a plan to cover healthcare costs if you plan to retire before you're eligible for Medicare coverage.

### ► Seek help to develop a written plan.

There may be wisdom in seeking professional help. Of those surveyed who have a financial advisor, nearly three out of four (74 percent) report they have a written financial plan, compared with 39 percent of those without financial advisors. Having a written plan in place may promote financial stability in retirement; those who are confident that they can afford essential expenses in retirement are likely to have written financial plans (66 percent vs. 59 percent). Furthermore, those who say they have had a smooth road to retirement are more likely to have written financial plans in place than those who characterize their journey as bumpy (65 percent vs. 55 percent).

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## DESCHENE: New Year's resolution should include estate planning decisions

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make your will obsolete.

### Plan for long-term care

Most of us will need some long-term nursing home-level care during our lifetimes, and that can quickly eat up all the assets we wanted to leave our family. This year, look into the availability and cost of long-term care insurance. If that is not an option, at least consider putting your home in a Medicaid Trust at least five years before you might need nursing home care. This trust guarantees you the right to live in your house until you die,

and your family will not need to sell your home after your death to pay off a Medicaid lien. Start the five-year clock ticking now, before Congress decides to enact a 10-year look-back.

### Consider a trust

If you have a will, your property will pass to your beneficiaries with no strings attached. So consider whether your family might be better off if you leave them property in trust. Do you want to make sure your property does not end up going to your child's ex-spouse in the event of a divorce, rather than to your grandchildren? Or do you have a

child who cannot handle money wisely? If so, a trust can protect your legacy from being wasted or diverted outside your family.

### Get organized

Take a few hours to organize your planning documents into a binder, and tell your family where you are storing it. This can be one of the best and most loving legacies you leave your family, who will not be left to scramble to find your will, trust or other documents when they are needed.

### Plan for incapacity

A will takes legal effect on-

ly when you die. You must also plan who will make your personal, medical and financial decisions if you become incapacitated before death. If you do not sign these relatively simple legal documents while you are competent, your family will be forced to go to court to get the right to make your decisions.

If your family cannot agree, an ugly court battle may ensue.

### Name guardians

If you have minor children, please do not delay naming guardians to raise your children if you should die before they reach adulthood. If you do not, a

judge will, and he or she cannot know what your children need as well as you. Unfortunately, many couples delay seeing legal advice because they cannot agree beforehand who would be the best guardians, but an attorney can help you talk through the various factors that need to be considered, and facilitate your decision-making.

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