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Retirement in Sight

Monthly news and information for current and future retirees

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Ways to Possibly Produce More Retirement Income

Your income determines your level of financial comfort in retirement more than any other factor. Some mid-life financial moves may help to boost it.

One important move is to max out retirement accounts. Yearly contributions of $5,500 to an IRA starting at age 45 will grow to $214,460 by age 65 at a 6% annual return. At an 8% annual return, that becomes $271,826. (This does not even take catch-up contributions into account.) You can also delay retiring. At an 8% annual return, annual investments of $10,000 in the typical tax-deferred employee retirement plan will grow to $35,061 in just three years, and $63,359 in five years. You can also strategize when to claim Social Security and transform non-earning assets (such as your home, collectibles, and vehicles) into income-producing assets. If you are "house rich and cash poor," consider the potential of downsizing: $300,000 in freed home equity invested at a 7% yearly return could produce $21,000 in annual income. Some retirees arrange sale-leaseback agreements with their adult children: they sell their home to their kids, then rent it back. The retirees stay in their home and get a little more cash to spend, while the younger, higher-earning generation makes the most of homeowner tax breaks.[1,2]

Think About Fall Prevention

Rain, slush, and slick ice can make this time of year hazardous for elders. Falls are the #1 cause of injuries for Americans aged 65 and older; about 25% of seniors take a spill each year. "Fall zones" are not always so obvious. Stairs can present a fall risk – but so can a throw rug in the living room.

The National Council on Aging suggests some steps to help prevent falls. One, acknowledge the possibility. The idea of using a cane or walker and/or installing grab bars may be met with a scoff, but a caring conversation can be the first step toward protection. Eyesight can influence stability – a senior who has not had an eye exam in a while can be at risk. Some sleep aids (and painkillers containing them) can affect balance. If your loved one tends to grab doors, chairs, or walls while getting up or getting around, it is time to consult a physical therapist. Local senior centers frequently host fall prevention workshops; these events can also teach people how to fall in ways that may lessen or minimize injury.[3]

On the Bright Side

The Pew Research Center says that a majority of Americans aged 65 and older now have broadband Internet in their homes. Forty-two percent have smartphones, compared to 18% in 2013.[4]

Kent Butcher may be reached at 918-747-5585 or kbutcher@upal.com

CITATIONS.
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