



MANAGING POST-RETIREMENT RISKS

A Guide to Retirement Planning

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We live in an era marked by periods of economic uncertainty and volatility.

At the same time increased responsibility has shifted to individuals for securing their financial well-being in retirement. And with this added responsibility, retirees may be exposed to a variety of risks that can affect them both as individuals and members of society.

Recognizing this growing trend towards individual responsibility and the risks that may be encountered, the Society of Actuaries (SOA) launched a broad research and information effort in the late 1990s to raise awareness of post-retirement challenges and seek ways to address them. As part of this ongoing effort, the SOA published an informational chart in 2003 that explained the risks of retirement and served as an educational tool to help individuals prepare for them. In everyday language, the chart provided a comprehensive summary of the risks and complemented other retirement planning material.

With the passage of time, the creators of the original chart recognized there would be value to updating it with insights into recently introduced products, legislative changes and new issues confronting retirees. As a result, the SOA is pleased to make available this new version.

In the following pages you'll find discussions of key financial risks that individuals may face in their retirement years and strategies for managing them. The risks described include issues related to longevity, investments, health, loss of loved ones and more. We encourage you to familiarize yourself with the chart, jot down notes as you read through it, and use it in combination with other planning material. It is our hope that this information will not only lead to better-informed decision-making, but help individuals plan and enjoy a more rewarding retirement.

HOW TO USE THE CHART

POST-RETIREMENT RISK: The chart describes 15 types of risk.

BACKGROUND: A general description of the risk and its impact.

PREDICTABILITY: Is the risk predictable for an individual or group and how difficult is it to forecast?

MANAGING THE RISK: Approaches to addressing the risk.

COMMENTS: Additional description and insights to the risk.

	STOCK MARKET RISK	BUSINESS RISK
BACKGROUND	<p>Stock market losses can seriously reduce one's retirement savings. But common stocks have substantially outperformed other investments over time, and thus are often recommended for retirees' long-term investments as part of a balanced investment allocation strategy.</p>	<p>Loss of retirement funds can occur if:</p> <ul style="list-style-type: none"> An employer pension plan sponsor goes out of business. An insurer that is providing annuities becomes insolvent. Assets held in a participant's defined contribution plan account lose value. Risk of such loss depends on the individual's investment allocation, and includes possible failure of the employer's business if much of the account is invested in employer stock.
PREDICTABILITY	<p>Individual stocks rise and fall based on the outlook for the stock market and the specific company. Individual stocks are more volatile than a diversified portfolio.</p> <p>Stock index funds are diversified, and usually get slightly above-average investment returns, but they still are exposed to the ups and downs of the stock market.</p>	<p>The risk of insolvency for an employer or insurer is closely related to its credit rating in the bond market and, in the case of an insurance company, its claim-paying ability rating. Those with top ratings are safest, but ratings sometimes fall rapidly when business conditions or information changes.</p>
MANAGING THE RISK	<p>Stock market investors should diversify widely among investment classes and individual securities, and be prepared to absorb possible losses. Because such losses may take many years to recover, older employees and retirees should be especially careful to limit their stock market exposures.</p> <p>Hedge funds may offer some protection, but they can be complex and have high expense charges.</p>	<p>Benefits in most defined-benefit private pension plans are insured by the federal Pension Benefit Guaranty Corporation up to certain limits.</p> <p>Annuitants are covered by state insurance company guaranty funds up to specified limits in the event of insurer insolvency.</p> <p>Defined contribution plan participants need to diversify investments. Where the plan automatically includes heavy concentration in employer stock, participants should look to other assets for diversification. If a defined benefit plan is also provided, this automatically gives some diversification.</p>
COMMENTS	<p>Some financial products let an individual invest in stocks and guarantee against loss of principal. However, risk charges and other expenses may be high and the financial law may limit losses by shifting most funds to bonds.</p> <p>Younger workers can afford to take more risks because they have time to make up short-term losses and can postpone retirement. Older individuals should allocate a smaller proportion of assets to the stock market. "Life cycle" or "target" funds gradually shift some of their assets out of stocks as the individual gets older.</p> <p>When significant personal assets are in company stock, the risk of losing one's job is compounded by possible loss of savings if the company does poorly or goes out of business. Even if the company appears strong, it's safer to diversify those assets among other investments.</p>	<p>A pension plan can be terminated even if the employer remains in business. Under defined benefit plans that are not covered by PBGC insurance (e.g., state and local government employee plans, church plans), benefits can be lost on termination.</p>

LONGEVITY RISK: OUTLIVING YOUR RETIREMENT RESOURCES

BACKGROUND

Managing one’s own retirement funds over a lifetime has many pitfalls, even with expert help. Nobody knows how long the money must last.

Life expectancy at retirement is an average, with about half of retirees living longer and a few living past 100. Planning to live to a certain age is risky, and planning to live to the life expectancy for someone their age will be inadequate for about half of retirees. In theory, retirees want to make sure their money will last a lifetime without cutting back unnecessarily on their lifestyle. In practice, unexpected events may make this very difficult.

A licensed insurer is the only entity outside the government that can contractually guarantee to pay lifetime income. Financial products from other firms could run out of money to pay income to a long-lived individual.

Besides longevity, the other risks listed below can cause a retiree to run out of money. Someone who lives many years has greater exposure to these other risks.

PREDICTABILITY

Long lifetimes are difficult to predict for individuals. It’s easier to predict the percentage of a population with a long life than to predict this for an individual. Wives outlive husbands in most cases.

MANAGING THE RISK

Social Security, traditional pensions and payout annuities all promise to pay an individual a specified amount of income for life. They may also pay income after death to the spouse or other named survivor. Some newer products can help protect retirees against outliving their assets:

- A reverse mortgage converts home equity into lifetime income, although administrative charges can be high.
- “Longevity insurance” is an annuity that does not start paying benefits until an advanced age such as 85. This niche product may fit into a carefully designed financial plan.
- “Managed payout” plans, offered in several forms by financial services firms, draw down one’s assets gradually. Income from such plans either is not guaranteed or is guaranteed at a lower level than would be available from a payout annuity that has the same cost.

COMMENTS

“Payout annuities,” also called immediate or income annuities, can be useful for retirees to purchase because they maximize the amount of guaranteed lifetime income available from a sum of money. “Deferred annuities” and “variable annuities,” normally purchased before retirement, are not discussed here.

Experts disagree about when annuitization is a good strategy. Disadvantages include losing control of assets, costs, and inability to leave money to one’s heirs. Annuities without inflation protection are only partial protection against living “too long.”

An annuity that seems unattractive to buy at retirement age may make sense later. Multiple annuity purchases can be made over time to average interest rates inherent in their purchase prices. People generally should not annuitize all their assets, but they may want to consider annuities in their overall retirement plan.

Financial projections can be very useful in retirement planning, but actual experience will differ. All retirees should review their expected income needs and sources at least every few years and adjust spending if necessary.

	INFLATION RISK	INTEREST RATE RISK
BACKGROUND	<p>Inflation should be an ongoing concern for anyone living on a fixed income. In the recent era of relatively low inflation, workers may not remember the double-digit inflation rates of 1947, 1974 or 1979-81. Even low rates of inflation can seriously erode the financial well-being of retirees who live many years.</p> <p>Social Security and other government retirement programs pay benefits that increase with inflation, but many private pension plans do not.</p>	<p>Lower interest rates tend to reduce retirement income in several ways:</p> <ul style="list-style-type: none"> • Workers must save more to accumulate an adequate retirement fund. • Retirees earn less spendable income on investments such as CDs and bonds; any income reinvested earns lower rates. • Payout annuities yield less income when long-term interest rates are low at the time of purchase.
PREDICTABILITY	<p>Average past inflation can be calculated from historical data, though actual experience over a typical period of retirement may vary widely. Past inflation data can provide some help in estimating retirement needs, but there is no guarantee that future inflation will not be greater.</p>	<p>Long-term and short-term interest rates can vary within a wide range. Underlying forces that drive interest rates include expected inflation, government actions and business conditions.</p>
MANAGING THE RISK	<p>Many investors try to own some assets whose value may grow in times of inflation. However, this sometimes will trade inflation risk for investment risk.</p> <ul style="list-style-type: none"> • Common stocks have outperformed inflation in the long run, but are poor short-term hedges. The historically higher returns from stocks are not guaranteed and may vary greatly during retirement years. • Inflation-indexed Treasury bonds grow in value and provide more income as the Consumer Price Index goes up. Many experts say that retirees' investments should include some of these securities. • Inflation-indexed annuities, not widely used in the United States, adjust payments for inflation up to a specified annual limit. Annuities with a predefined annual increase also are available. These kinds of annuities cost more than fixed-payment annuities with the same initial level of income. • Commodities and natural resources often rise in value during long-term inflation, but may fluctuate widely in the short run. 	<p>Immediate annuities that provide fixed income are a way for retirees to ensure stable income despite changes in interest rates, although inflation will still be a problem.</p> <p>Investing in long-term bonds, mortgages or dividend-paying stocks also offers protection against lower interest rates, although the value of these investments will fluctuate. The risk is that rising interest rates will reduce the value of such assets available to meet unexpected needs.</p>
COMMENTS	<p>Inflation can be a major issue, especially as retirement periods lengthen, and it is not highly predictable.</p> <p>Retirees can set aside extra assets to permit a gradual increase in income payments. Providing for expected inflation one way or another, though costly, is needed in any realistic plan for managing resources in retirement.</p> <p>Delaying receipt of Social Security will build up valuable inflation-indexed benefits for retirees and spouses.</p> <p>When housing values were increasing, homeowners seemed to have a hedge against inflation. Current and future retirees who expected to use their home equity as a source of retirement income may be highly disappointed, especially if housing values continue to decline.</p>	<p>Long-term interest rates often move up or down at about the same rate as inflation.</p> <p>Higher real interest returns, above rates of inflation, usually make retirement more affordable. This occurs when retirees' assets include sizeable amounts of interest-paying bonds, CDs, etc.</p> <p>However, some retirees have adjustable-rate mortgages or substantial consumer debt, so that higher interest rates are an added burden. For these retirees, the higher interest rates that accompany increased inflation may reduce their spendable income at a time when it's most needed.</p>

	STOCK MARKET RISK	BUSINESS RISKS
BACKGROUND	<p>Stock market losses can seriously reduce one’s retirement savings. But common stocks have substantially outperformed other investments over time, and thus are often recommended for retirees’ long-term investments as part of a balanced investment allocation strategy.</p>	<p>Loss of retirement funds can occur if:</p> <ul style="list-style-type: none"> • An employer pension plan sponsor goes out of business. • An insurer that is providing annuities becomes insolvent. • Assets held in a participant’s defined contribution plan account lose value. Risk of such loss depends on the individual’s investment allocation, and includes possible failure of the employer’s business if much of the account is invested in employer stock.
PREDICTABILITY	<p>Individual stocks rise and fall based on the outlook for the stock market and the specific company. Individual stocks are more volatile than a diversified portfolio.</p> <p>Stock index funds are diversified, and usually achieve slightly above-average investment returns, but they still are exposed to the ups and downs of the stock market.</p>	<p>The risk of insolvency for an employer or insurer is closely related to its credit rating in the bond market and, in the case of an insurance company, its claim-paying ability rating. Those with top ratings are safest, but ratings sometimes fall rapidly when business conditions or information changes.</p>
MANAGING THE RISK	<p>Stock market investors should diversify widely among investment classes and individual securities, and be prepared to absorb possible losses. Because such losses may take many years to recover, older employees and retirees should be especially careful to limit their stock market exposure.</p> <p>Hedge funds may offer some protection, but they can be complex and have high expense charges.</p>	<p>Benefits in most defined-benefit private pension plans are insured by the federal Pension Benefit Guaranty Corporation up to certain limits.</p> <p>Annuitants are covered by state insurance company guaranty funds up to specified limits in the event of insurer insolvency.</p> <p>Defined contribution plan participants need to diversify investments. Where the plan automatically includes heavy concentration in employer stock, participants should look to other assets for diversification. If a defined benefit plan is also provided, this automatically gives some diversification.</p>
COMMENTS	<p>Some financial products let an individual invest in stocks and guarantee against loss of principal. However, risk charges and other expenses may be high and the financial firm may limit losses by shifting most funds to bonds.</p> <p>Younger workers can afford to take more risks because they have time to make up short-term losses and can postpone retirement. Older individuals should allocate a smaller proportion of assets to the stock market. “Life-cycle” or “target” funds gradually shift some of their assets out of stocks as the individual gets older.</p> <p>When significant personal assets are in company stock, the risk of losing one’s job is compounded by possible loss of savings if the company does poorly or goes out of business. Even if the company appears strong, it’s safer to diversify those assets among other investments.</p>	<p>A pension plan can be terminated even if the employer remains in business. Under defined benefit plans that are not covered by PBGC insurance (e.g., state and local government employee plans, church plans), benefits can be lost on termination.</p>

	EMPLOYMENT RISK	PUBLIC POLICY RISKS
BACKGROUND	<p>Many retirees plan to supplement their income by working at a bridge job part-time or full-time.</p> <p>Today's jobs often make few physical demands, and may even be done at home. Some organizations prefer to hire older workers because of their stability and life experience. But success in the job market may also call for technical skills that retirees cannot easily gain or maintain.</p>	<p>Policy risks include these possible changes:</p> <ul style="list-style-type: none"> • Increase in taxes (income, property, sales, etc.). • New kinds of taxes such as a consumption tax or value-added tax. • Reduction in entitlement benefits from Social Security, Medicare and Medicaid. • Increase in retiree contributions for Medicare Higher payments by high-income retirees are already scheduled. • Tighter income standards for Medicaid and other means-tested programs.
PREDICTABILITY	<p>Employment prospects among retirees vary greatly because of demands for different skills, and can change with health, family or economic conditions.</p> <p>About half of all retirees retire earlier than planned, often because of job loss or poor health.</p>	<p>Changes that may include benefit cuts or higher taxes will be needed to pay benefits to aged baby boomers. Such benefits include Social Security, Medicare and veterans' benefits.</p>
MANAGING THE RISK	<p>Retirement plans rarely allow for phased retirement, so a bridge job usually means working for a new employer. Re-hiring of retirees also is growing more common. These kinds of jobs often have lower pay or benefits, and are more subject to layoffs.</p> <p>Postponing retirement may be the most powerful way for workers to improve their retirement security. This allows their retirement savings to keep growing while the workers accumulate more benefits from Social Security and retirement programs.</p>	<p>Municipal bonds, Roth IRAs and Roth 401(k)s have a tax-free status that offers protection against higher income tax rates.</p> <p>Converting a traditional IRA to a Roth IRA will lock in current income tax rates. But new kinds of taxes could reduce the purchasing power of such "tax-free" income.</p>
COMMENTS	<p>Retirement planning should not rely heavily on income from a bridge job.</p> <p>Many retirees welcome the chance to change careers and move into an area with less pay but more job satisfaction, or with fewer demands on their time and energy.</p> <p>Terminating employment before age 65 may make it difficult to find a source of affordable health insurance before Medicare is available. Note that COBRA coverage usually ends after 18 months (36 months if disabled).</p>	<p>Historically, Congress has been very reluctant to reduce benefits promised to current retirees. Older workers also may escape benefit reductions, but young workers' future government benefits are less safe from reduction.</p> <p>Under current law, more and more retirees will pay income tax on their Social Security benefits because the dollar exclusion from taxation does not rise with inflation.</p>

	UNEXPECTED HEALTH CARE NEEDS & COSTS	LACK OF AVAILABLE FACILITIES OR CAREGIVERS
BACKGROUND	<p>Unexpected health care costs are a major concern. Employers continue to cut back on post-retirement health care benefits. Low-income retirees may spend a large percentage of their resources on health care.</p> <p>Medical technology improvements that extend life may increase health care costs.</p>	<p>Facilities or caregivers sometimes are not available for acute or long-term care, even for private paying individuals.</p> <p>Couples may be unable to live together when one of them needs a higher level of care, thereby increasing cost and emotional stress.</p>
PREDICTABILITY	<p>Health care costs are:</p> <ul style="list-style-type: none"> • Relatively easy to predict for a large group over a limited time. • Hard to predict for individuals. • Very hard to predict far into the future. 	<p>Individuals may want to review private and public support programs available where they intend to live.</p>
MANAGING THE RISK	<p>Medicare is the primary source of coverage for post-65 retirees. Supplemental coverage is available from employer plans and individual Medigap policies or HMOs.</p> <p>Other federal or state-local programs may assist low-income retirees.</p> <p>Instead of retiring from a job with health benefits, employees may choose to keep working, at least part-time, in a job that will allow them to remain covered.</p>	<p>In some cases, individuals may be able to choose a general area of residence to improve access to care.</p>
COMMENTS	<p>Future resources are hard to predict because a high level of uncertainty exists about the future design of Medicare.</p> <p>In a typical group, a small percentage of individuals usually account for a large percentage of the group's overall health care costs.</p> <p>It's not too late for retirees to reduce their risk of major health problems by lifestyle changes involving diet, exercise, smoking, etc.</p>	<p>Lack of appropriate facilities or caregivers may force people into a higher level of care, or cause them to be without needed care.</p> <p>The current shortage of health-care workers may become worse.</p>

	LOSS OF ABILITY TO LIVE INDEPENDENTLY	CHANGE IN HOUSING NEEDS
BACKGROUND	<p>Changes can be sudden, tied to an illness or accident, or gradual, perhaps linked to a chronic disease.</p> <p>Multiple problems are common when physical or mental capabilities decline.</p>	<p>Special housing for the elderly provides a range of services including help with activities of daily living and sometimes with ongoing health care too. Housing that includes care can be quite costly.</p> <p>Some housing focuses on care for specific diseases or conditions. The most appropriate form of housing for an individual in a given situation may not be available in the chosen geographic area, or may have a long wait for entrance.</p>
PREDICTABILITY	<p>The percentage needing help rises substantially with age, but changes in individual cases often are hard to predict.</p>	<p>Needs at time of retirement are predictable unless the individual is disabled.</p> <p>Future needs are hard to predict because they vary with the ability to function; for example, stairs may become a barrier. Snow removal and yard care can also become problems, but can be contracted out.</p>
MANAGING THE RISK	<p>Insurance for long-term care covers disabilities so severe that assistance is needed with daily activities such as bathing, dressing and eating. Some policies require a nursing home stay; others do not. The cost of long-term care insurance is much less if purchased at younger ages, well before anticipated need.</p> <p>Functional status may be hard to measure, and different insurance products may use different definitions of limitations. It's better to look for less-severe definitions when purchasing insurance.</p> <p>Medicaid covers a large share of total nursing home costs and may cover assisted living, with benefits available only to people with very low or no assets.</p>	<p>Special housing is financed mainly from personal assets and current income.</p> <p>Retirement income planning may allow for increases tied to inflation plus significant increases later to cover different types of housing.</p> <p>Medicaid and/or long-term care insurance may cover part of housing costs if merged with care.</p>
COMMENTS	<p>Defining functional status can be a problem. For example, "difficulty in using telephone" might mean:</p> <ul style="list-style-type: none"> • Can't use phone at all. • Can answer a call but not place one. • Can't look up number to call but can use speed dial. • Can use phone on limited basis but not use answering machine. <p>None of the limitations on using the phone would trigger benefit eligibility under long-term care insurance, but they may trigger the need for help.</p> <p>Spousal protection rules (which vary by state) need to be considered when deciding whether Medicaid would help.</p> <p>Care options are linked to housing choices and these are evolving.</p>	<p>Choices depend on personal preference and functional status plus financial and family resources.</p> <p>Housing can be a major asset in retirement. A home can be converted to cash by selling it or using a reverse annuity mortgage.</p> <p>"Continuing care retirement communities" include elements of advance funding of costs for long-term care and medical care.</p>

	DEATH OF A SPOUSE	OTHER CHANGE IN MARITAL STATUS
BACKGROUND	<p>The death of a spouse is a major change in family situation that is often accompanied by a decline in economic status:</p> <ul style="list-style-type: none"> • Some income may stop at the death of a spouse or former spouse. • The death of a disabled person’s caregiver spouse may bring financial problems at a very difficult time. • The surviving spouse may not be able or willing to manage the family’s finances. <p>Inability to cope with a spouse’s death or terminal illness contributes to high rates of depression and suicide among the elderly.</p>	<p>Marriage and divorce can affect benefit entitlement under public and private plans. Some of these effects may not be well understood.</p> <p>For example, a woman sometimes can maximize her Social Security benefits by first applying as a widow or divorced spouse, later applying at age 70 for benefits credited on her own record as a worker.</p> <p>Divorce can create major financial problems for either party.</p>
PREDICTABILITY	<p>It can be difficult to predict which spouse will live longer in individual cases.</p> <p>Women are widowed more often than men.</p>	<p>A substantial percentage of marriages end in divorce. Many women are alone in retirement.</p> <p>Divorce or marriage after retirement age is not uncommon and should be recognized as a possibility.</p>
MANAGING THE RISK	<p>Many financial vehicles are available and can be used in combination:</p> <ul style="list-style-type: none"> • Life insurance • Survivor income in Social Security, pension plans and annuities • Long-term care insurance • Savings <p>Wills and estate planning are important tools to provide for a surviving spouse.</p>	<p>This is a personal issue. There are no formal programs.</p> <p>In divorce proceedings, the law allows for division of private pension plan benefits covered by ERISA. For this purpose, divorcing spouses need a properly drafted qualified domestic relations order (QDRO).</p> <p>Older couples who marry, especially those with children, may want a pre-nuptial agreement that defines each party’s rights to distribute or dispose of property as they wish, not as a court would decree.</p>
COMMENTS	<p>Some experts say that a surviving spouse needs about 75 percent of the couple’s income to maintain living standards. Widows’ financial resources are very low in many cases. Poverty rates for elderly widows are about 15 percent compared to 4 percent for married couples.</p> <p>Social Security provides continued benefits to survivors based on their personal work and family status. Note that a single-earner family survivor generally gets two-thirds of the combined family benefit that was payable while both were alive, whereas in a dual-earner family with equal earnings, the survivor gets only about half of the combined benefit. In this case and many others, the reduction in Social Security benefits after death of the first spouse is much greater for a two-earner couple than for a single-earner couple.</p> <p>Married couples may want to choose their Social Security retirement dates carefully to increase potential surviving spouse benefits. This may mean that the lower earner applies for benefits at age 62 and the higher earner waits until age 70.</p>	<p>In divorce proceedings, retirement benefits may get transferred from one spouse to the other, depending on decisions of the parties and the divorce court.</p> <p>Couples considering whether or not to marry need better information about how their decision affects benefits from Social Security, Medicaid and retirement or survivor programs.</p> <ul style="list-style-type: none"> • At marriage, an individual may gain rights to survivor’s benefits under Social Security and retirement programs. • Marriage or remarriage may result in the loss of some benefits.

	UNFORESEEN NEEDS OF FAMILY MEMBERS	BAD ADVICE, FRAUD OR THEFT
BACKGROUND	<p>Many retirees find themselves helping other family members including parents, children and grandchildren. Retirement planning should recognize any obligation to assist such family members. A change in health, employment or marital status may upset such plans and call for greater personal or financial support from the retiree.</p> <p>Generally, family members are known at time of retirement, but new grandchildren may come after retirement. Sometimes people remarry after retirement.</p>	<p>Retirees and surviving spouses may lack financial skills and judgment, especially at advanced ages if mental capabilities decline. They often are preyed upon because of their substantial assets and fading cognitive skills.</p> <p>Friends and relatives may be unqualified to advise them about some issues or even have bad motives. Salespeople and brokers may promote products or investments that are unsuitable.</p> <p>Societal changes are resulting in greater use of paid caregivers instead of family members.</p> <p>Caregivers, financial advisors, or scammers may have access to retiree assets, personal belongings, ID data and passwords.</p>
PREDICTABILITY	<p>Older children or grandchildren often need money for higher education, and a few need special help to deal with physical or mental handicaps. Their parents can usually foresee such cases by the time they retire and try to plan accordingly.</p> <p>Adult children may look for help in case of unemployment or financial setback.</p>	<p>Exposure may increase as retirees directly control more assets, financial products become more complex, more retirees use computers, and scammers become more adept.</p> <p>However, good advice and good products are increasingly available to people who seek them out.</p>
MANAGING THE RISK	<p>Social Security and other government programs may pay benefits to family members other than the worker's spouse.</p>	<p>Here are some precautions retirees can take:</p> <ul style="list-style-type: none"> • Learn the ABCs of investing and handling money. • Get advice from qualified and trustworthy sources including U.S. Department of Labor and employer-sponsored programs. • Keep decision-making simple; make sure all options are understood. • Get several opinions on important issues. • Be very cautious in giving control of assets to any professional or in dealing with strangers personally or online. • In later years, expect to rely more on trusted family members or professionals; investigate and choose such people long before a need for their help suddenly arises. • Use paid caregivers who are bonded.
COMMENTS	<p>An increasing number of grandparents are the primary caregivers for their grandchildren today.</p>	<p>Even a well-educated person with a financially secure retirement may be exposed to substantial loss from these sources.</p> <p>Few people have the wide range of expertise needed to give good advice in every situation, so it's important to have access to different sources of advice.</p> <p>Using traditional pensions or payout annuities reduces some of the risks noted here.</p>

NOTES

The Society of Actuaries would like to acknowledge the work of its *Committee on Post-Retirement Needs and Risks* in producing this second edition of the **Managing Post-Retirement Risks** chart.

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The committee's mission is to initiate and coordinate the development of educational materials, continuing education programs and research related to risks and needs during the post retirement period. Individuals interested in learning more about the committee's activities are encouraged to contact the Society of Actuaries at 847-706-3500 for more information. Additional information and research reports may be found at <http://www.soa.org/research/pension/research-post-retirement-needs-and-risks.aspx>

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