

TABLE OF CONTENTS

FOREWORD BY DR. ROBERT N. BUTLER	ix
INTRODUCTION: THE BEST IS YET TO COME	xi
CHAPTER ONE:	
DEFINITELY NOT HEADED FOR BINGO NIGHT	1
Some realities about retirement	3
Planning is everything	7
Surviving retirement financially	10
The dark cloud...and the silver lining	12
CHAPTER TWO:	
MY PLAN	15
Stamp business	17
Michigan apparel stores	19
Swimsuit company	21
Buying Faberge	24
Buying art	27
Sweater company	30
Buying gold and collectible coins	32
Florida drugstore chain	34
Real estate tax shelters	35
The value of my business	37
Structuring my company's pension plan	44
Stocks and bonds	45
Creating your own plan	49
CHAPTER THREE:	
MARRYING TIME TO MONEY	51
Freedom is everything	53
What your financial adviser won't tell you	54
Invest in yourself	55
Can't buy me love	56
CHAPTER FOUR:	
BEING HONEST WITH YOURSELF	59
To thine own self be true	62
Striking a balance	64
Self-assessment tools	66
Setting realistic goals	69
The four-minute mile	71
Luck is the residue of design	73
CHAPTER FIVE:	
EMBRACING CHANGE	77
Change is inevitable	80

CHAPTER SIX:

RECOGNIZING OPPORTUNITY 83
Chasing the demographics88
The greatest opportunity I ever missed91
Recognizing the signposts94
Opportunity in retirement planning98

CHAPTER SEVEN:

UNDERSTANDING RISK..... 101
Face your fears105
Calculate your risk107
Have an exit strategy.....110
Know your limits112
Don't be afraid to fail.....114

CHAPTER EIGHT:

THE IMPORTANCE OF DIVERSIFICATION 119
Choice equals freedom122
When one basket is too many123

CHAPTER NINE:

DON'T MAKE A MOVE WITHOUT A MAVEN125
Mavens in my life.....127
Finding the right maven131
Acting as your own maven.....132

CHAPTER TEN:

MAKING THE REST OF YOUR LIFE

THE BEST OF YOUR LIFE137
The importance of purpose142
The need to be needed144
Why stop working?.....148
Give of yourself152
Aging gracefully153
After you're gone156
A final thought157

EPILOGUE: THE TIMES, THEY ARE A-CHANGING 159

APPENDIX: FACTS AND FIGURES165

You've got a lot of living to do166
Everything you ever wanted to know about retirement168
Demographics 101171
Social Security and Medicare: two endangered species181
Shaky foundations.....184

BIBLIOGRAPHY 191

RESOURCES.....195

ACKNOWLEDGEMENTS197

FOREWORD

by Dr. Robert N. Butler

ONE OF THE MOST REMARKABLE ACHIEVEMENTS of mankind is the fact that, through medical advances and other technology, we have gained more than 50 years of life. Even more remarkable is that 30 of those extra years were gained in the twentieth century alone, greater than had been achieved during the preceding 5,000 years of human history combined.

It's clear, then, that most of us will live longer, and in better health, than our parents and grandparents. On the face of it, that's a wonderful thing; life, after all, is precious.

But what happens if you don't have the resources to enjoy those extra years?

Sadly, that's the question facing millions of people today.

Americans—especially the baby boomer generation about to enter their retirement years—are not good savers, and so they will have to do better in investing and work longer in order to avoid outliving their resources. Without significant planning, it will be impossible for them to support themselves during their two, three, or even four decades of retirement.

I founded the International Longevity Center in order to confront the dramatic changes in population longevity. From the outset, one of our main goals was to help convince baby boomers that they need to be interested in health promotion and disease prevention now, before it's too late. But just as important

is the immediate need to become interested in financial planning and to begin nurturing your passions so that you can spend your retirement years in ways that are personally fulfilling, without money worries hanging over you like a virtual Sword of Damocles.

That's what *When I'm 64: Planning for the Best of Your Life* is all about. The interweaving of Marvin Tolkin's life story—a true success story—with folksy wisdom, practical advice, and incisive commentary is a powerful combination. Every baby boomer—and their children—should read this book.

My life's work is based on the premise of productive aging: the idea that even older people should continue to contribute to society, through civic engagement and other meaningful activities. Within these pages you'll find a toolkit of ideas that enables the construction of a foundation strong enough to support even the longest and most active of retirements.

Life, I have learned, has to be based on hope and the expectation of a positive future. This inspirational book provides both in abundance.

—*Dr. Robert N. Butler*
President and CEO,
International Longevity Center

INTRODUCTION

THE BEST IS YET TO COME

THERE ARE LOTS OF “GET-RICH-QUICK” books out there that promise to tell you how to amass a fortune beyond your wildest dreams.

This isn’t one of them.

There are other books that offer complex formulas for financial success, blueprints for making a killing in the stock market, or advice for assembling an investment portfolio that can’t lose.

Sorry, this isn’t one of them either.

This isn’t even a retirement planning book per se. It’s a *life* planning book. Its purpose is to answer one simple question: Once you reach that magic age of 64 (give or take a few years) and you’re no longer working, what are you going to do with the rest of your life?

Specifically, what are you going to do to make the last third of your life the *best* third of your life?

My goal is to help you answer that question, and all the other questions that go with it. Questions like: How can you accumulate enough assets to allow you to live a comfortable lifestyle after you are no longer earning an income? How can you use your retirement years most productively? And, most importantly, how can you stack the odds in your favor in terms of maintaining both physical and mental health?

By now, you're probably asking yourself, "What makes this guy qualified to offer this kind of advice?" To be sure, I don't have any kind of formal degree or diploma that makes me an "official" Retirement Planner, Financial Planner, or any other kind of Planner.

But what I can proudly claim is a lifetime of study in the School Of Life.

You see, I'm 82 years young. I retired more than a decade ago, and with the benefit of a simple plan that my wife and I formulated when we were in our forties, I am currently enjoying the most wonderful, most fulfilling retirement anyone could wish for. You could say that I'm one lucky guy... but luck, as they say, is the residue of design.

Nonetheless, I have been blessed in so many ways. I have been blessed with good health and an insatiable curiosity for the world around me. I have been blessed with an unshakeable optimism, and through hard work and a little calculated risk, I have been blessed with financial success. Most of all, I have been blessed with family. I was raised by two loving, supportive parents who gave me a great start on life, and I've had three wonderful children who in turn have given me eight fantastic grandkids. Even tragedy has led to good fortune in that it's given me not just one great marriage, but two. (My first wife, Estelle, passed away suddenly and unexpectedly at the age of just 65;

serendipitously, I met my second wife and current love of my life, Carole—who has given me three great stepchildren and five terrific grandkids—through the same man who introduced me to Estelle.)

In many ways, the last third of my life has indeed been the best third of my life. This book tells my story. It is my fervent hope that everyone reading these words will reap the benefits of my experience and be able to enjoy a retirement as satisfying and joyous as mine has been.

Of course, no one can do exactly what I did, because we're all individuals, with our own interests, goals, and dreams. But by following your passion, as I did, and by taking the time to do a little simple planning, you can enrich the last third of your life in ways that you may not even be able to imagine. It may sound trite or clichéd, but armed with just a smattering of knowledge and a bit of luck, I can guarantee you that the best is yet to come.

—*Marvin Tolkin*

CHAPTER ONE

DEFINITELY NOT HEADED FOR BINGO NIGHT

“Too old to rock’n’roll, too young to die”

—*Jethro Tull*

THE SMALL METAL FAN WHIRRED OMINOUSLY in the background as my father shifted uncomfortably in his seat. It was a steamy afternoon in the summer of 1965 and he and I were sitting shoulder to shoulder in a modestly appointed office in midtown Manhattan. But it wasn’t just the heat that was affecting my dad. It was the fact that he was being forced to make a decision that no father should ever have to make.

“There’s no wiggle room, no time to hesitate,” said Sol Bergstein, my father’s long-time accountant and trusted confidante. “You either make up your mind now or somebody else is going to make it for you.” Hunched over his desk, punching the air for emphasis, Sol was being, as usual, blunt and to the point. This time he didn’t need to be. My father knew all too well that his company was in crisis—on the verge of bankruptcy, in fact—and that nothing was going to change unless he acted.

“So, I’m going to ask you one more time,” Bergstein continued. “This guy sitting next to you...” Sol gestured towards me, an awkward, uncomfortable 39-year old man caught in the middle of something I wasn’t at all sure I could handle. “Is he your son or is he your partner? He can’t be both. If he’s your partner, tell him to go to hell and give him nothing. If he’s your son, give him the entire business and don’t look back.”

My father hesitated for just a moment. He’d worked hard all his life trying to make his company a success, and he’d achieved his goal: he’d taken us to the top of the mountain, making us one of the leading manufacturers of woman’s undergarments in the world... only to watch everything start to slide downhill in recent years. He was understandably reluctant to let go, to leave behind everything he knew and enter a new phase of his life. But he was a loving man who had spent the last fifteen years sharing all his knowledge of the business with me, carefully grooming me to one day take the reins. And he also was a pragmatist; he knew when reality was staring him straight in the face.

“He’s my son,” Irving Tolkin finally replied as he took off his glasses and mopped his brow. “I’m going to give him the company and hope to God that he can make it work.”

At that moment—a defining moment in my life—I came to two realizations. One was the recognition that my father was in essence giving me everything he owned... even though all he owned at the time was a business that was on the brink of disaster. But he was also giving me a shot at the brass ring, and if I failed, not only would I fail for myself but I’d fail for him. Now was the time for me to find out whether I could be a successful businessman or not.

In that same instant, I realized that I never wanted to face what my father had just faced. I knew that I had to do whatever was

necessary to keep from ever being put in that position myself, and, more importantly, to keep my own sons from ever having to take on such an overwhelming responsibility.

That was the moment when I first started thinking about planning for the rest of my life. Until that day, I had lived like most people in their twenties and thirties, giving little consideration to the idea of saving money. The idea of preparing for my future, preparing for a time when my kids would be grown and I would be in my mid-sixties, as my father then was, had been alien to me. But in that one moment, it became a necessity.

My life would never again be the same.

SOME REALITIES ABOUT RETIREMENT

Too many people think of the day you retire as the day you start dying.

That's as wrong as wrong can be: it's actually the day you start *living*. It's the day you finally get to stop having to please others and pursue your own dreams. It's the day that making yourself happy takes top priority. Retirement isn't a release from slavery. It's a rebirth to independence.

Actually, I don't even like the *word* "retirement" because "retiring" is misleading; it implies that you're walking away from something. You're not; you're embarking on a new voyage, or at least changing the direction of the voyage... but always maintaining the momentum of the voyage, not stopping it. And the direction is actually not nearly as important as the movement.

Many of you have undoubtedly seen the television ads that feature actor Dennis Hopper addressing middle-aged viewers in hopes of getting them to patronize one particular investment company. In one of those ads, he offers the dictionary definition

of the word “retirement” (“to withdraw, to go away, to disappear”) but then argues that it should instead be viewed as a time to redefine. Hopper, best known for his anti-establishment roles, goes on to observe that “your generation is definitely not headed for bingo night... I just don’t see you playing shuffleboard—you know what I mean?”

It’s an advertisement that is not only clever and amusing, but very much on the mark. Your post-work years *should* be viewed as a time to blossom, a fresh start, not a time to withdraw and face your mortality. And there is no question that retirement today is very different than it was for our parents, or our parent’s parents. As author Lee Eisenberg so eloquently describes in his excellent book *The Number*:

“Once upon a time, the drill was to hit 65 and retire. Not long afterward, [you] kicked the bucket. People owned their homes outright, paid for things in cash. Retirement was underwritten by good old-fashioned company pensions and Social Security. The checks were as good as gold. Nobody was expected to know how to manage an elegantly diversified portfolio. The Old Rest of Your Life was about others taking some responsibility for you—your children, your ex-employer, the government.”

But things are very different today. So different, in fact, that the next generation of retirees—the so-called “baby boomers” (that is, anyone born between 1946 and 1964)—will have to reinvent the entire concept from the ground up. There is, in fact, a whole new paradigm—a New Rest Of Your Life—and there are a whole slew of

reasons why, as Hopper puts it, “this ain’t your parents retirement.” These reasons include:

- *Increased longevity due to medical advancements.* The good news is that you’ll probably be able to enjoy your retirement for many, many years. Unfortunately, for many people, that’s the bad news too, because spending more years on this planet without working means that you’ll need a bigger nest egg to live off.
- *Increased numbers of retirees.* There will soon be more—and I mean a *lot* more—people of retirement age in the United States than ever before. Veterans returning from World War II started families in record numbers, resulting in a spike in population never seen before, or since. The first of the 78 million children they created (the baby boomer generation) have just reached retirement age, to be joined by the rest over the next two decades, thus totally swamping Social Security and Medicare systems that were created to deal with much smaller numbers.
- *Lack of preparedness, on the part of both individuals and the government.* Baby boomers, indulged by their parents, were brought up to believe in the American Dream. That’s all well and good, but what they *don’t* believe in is saving for a rainy day... though they do believe in living off credit, something that wasn’t even an option for previous generations. The federal government has demonstrated the same remarkable faith in deficit spending yet at the same time has been lax in either foreseeing the difficulties that lie ahead or making the tough decisions necessary to repair the system.

- *Corporate greed.* Unscrupulous accounting practices in the private sector have depleted and in some cases even bankrupted many employer-sponsored pension plans. Worse yet, they have virtually eliminated pensions as a reliable source of financial support for loyal workers who have given their companies years of faithful service.
- *Fewer children to help support retirees.* Once upon a time, Ma and Pa raised a truckload of kids to help out on the farm and take over the plowing when their kinfolk reached the rocking-chair stage. Those days are long gone. In America, as in almost every developed country in the world, people are having fewer children than ever before. Smaller families means fewer people for you to turn to for help when your Social Security check just isn't enough to cover expenses, your savings have run out, and your company IRA has tanked.

Those of you who are interested in a deeper understanding of these underlying factors should turn to the Appendix in the back of this book. You may learn some very surprising facts about retirement and the way it's evolved through the years... as well as the way it's likely to change in the years ahead.

The bottom line is this: One day you will stop working, whether voluntarily or involuntarily. And when that day comes, a lot of questions will rear their ugly heads, questions like: How can you possibly survive without that steady paycheck? Who will watch over you? Will your pension still be in existence when you need it? Will government entitlements like Social Security be able to support you? Sadly, the answer to the latter two questions is probably no. For numerous reasons (which are elaborated on in the aforementioned Appendix), you can't count on Social

Security—at least not in its present form—any more than you can count on that dicey pension plan your company may have offered.

I have a friend—a very wealthy, very lucky friend—who has twenty million dollars. He put it all in tax-free bonds, and he gets 5 percent interest—a million dollars a year—and he lives on that million dollars every year without having to pay any taxes. That's great... but how many people can accumulate twenty million dollars in liquid assets? For the rest of us, we have to find another way, because we don't have that luxury.

At the other end of the continuum, I knew a woman who worked in a hospital for 34 years. She was still working at the age of 66, when she unfortunately fell down a flight of stairs and died as a result of her injuries. This was someone who always cut corners. She'd brown-bag her lunches, wear the same clothes for years on end, deny herself the finer things in life. As a result, at the time of her death she had accumulated \$600,000, which she left to her two children... who proceeded to take the \$300,000 each, and in one year, blew it all. This woman lived her entire life so that her two kids could have one year of extravagance. What a tragedy.

PLANNING IS EVERYTHING

Author John M. Richardson, Jr. once observed, “When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened.” If you don't want to be one of those people who spend the rest of their lives wondering what might have been, you have to plan ahead. In fact, I'll take it a step further: *planning for your retirement is as necessary as breathing.*

The cold, hard fact is that most people will find it very difficult to maintain anything close to their current lifestyle in

their postretirement years unless they have done a good deal of planning in their *preretirement* years. That said, you can't just plan randomly, with some vague goal in mind. You have to be smart, and you have to ask the right questions. You have to know what it is you want to do in the last third of your life and then you have to take the actions that allow you to accomplish your goals.

Unfortunately, almost nobody is doing it. As Lee Eisenberg puts it,

“[Most baby boomers] never get around to learning how money works, how it grows, how others make money off it, how it can be spread around various types of assets to optimize returns and minimize risk. They have other things on their minds. They get out of college and start working—if they're lucky enough to land a job—then decide they've made the wrong career choice and spend a few years retooling their qualifications. Then big changes kick in. Marriage. Domestic partnership. Civil union. He works. She works. Kids wander into the picture. Nobody has any time. No time to plan. No time to save. A little time to shop. It's hard. It's complicated.”

It may be hard to find the time to plan for your future, but as we'll see shortly, it's not necessarily complicated. Nonetheless, Eisenberg's words translate into concrete figures. Less than a quarter of today's workers over the age of fifty have saved \$100,000 or more, and the net worth of today's average baby boomer is just a meager \$25,000.

How can you possibly live off of a life savings of \$25,000? You can't. Yet many baby boomers are living from paycheck to paycheck. They have no savings and no investments, and little or no tangible net worth. I know lots of people who led very good lives while they were working, but they have nothing now. Don't do any planning and don't take any risks and you'll likely end up right in that average, or worse: with less than \$25,000 in assets and 30+ years of your life left to live.

If you're the kind of person who likes to live for the day and be spontaneous, consider this: if you don't plan for something important, there are often unpleasant repercussions. Your boss may pass over you for a promotion because you didn't get your business presentation together in time to rehearse it sufficiently and impress a potential client. That party you want to throw may be a bust due to insufficient food, insufficient drink, or poor attendance (maybe you mailed the invitations out too late). Your relationship with your children may fracture because you consistently fail to set aside time to attend school functions or sporting events.

Simply put, you can't *not* plan without unintended consequences following in the wake. You simply cannot expect that things will somehow take care of themselves; sticking your head in the sand may be feasible if you happen to be an ostrich, but it's not an option for anyone who wants to have a fulfilling retirement. Doing so relinquishes control of your own fate, and that in turn will affect everybody around you. Everyone you are close to and everyone you love will suffer along with you, so if you don't do this kind of planning for yourself, do it for them. Lack of planning can affect everyone you have a relationship with, everyone you're responsible for, everyone you might be able to help... or anyone you might have to someday turn to *for* help. You lose all the way down the line if you don't plan.

Hopefully these words will serve as a wake-up call. And the sooner you start this planning, the better off you'll be. True, it's best done in your thirties or forties because that will give your assets a chance to appreciate substantially, but it's never too late to start. The good news is that even if you start as late as today, you can still do lots of positive things for your future... as long as you're willing to take action. And don't worry—once you get past any irrational fears you may have of preparing for your retirement, the planning will take on a momentum of its own and can even be fun, especially if you follow your passion.

SURVIVING RETIREMENT FINANCIALLY

With the future of both government entitlements and company pensions iffy at best, baby boomers are going to have to take financial responsibility for their own retirement. Add in factors like rising longevity, soaring health-care costs, and falling asset returns, and it's clear that today's workers will have to save significantly more than their parents did.

If you think about it logically, there are really only two ways to be able to survive retirement financially:

1. Plan ahead so that you have sufficient funds to maintain your present standard of living for the rest of your life—and you really should figure on living to 90 or beyond. This requires a substantial amount of principal so that the interest alone can support you at that level, because invading the principal lowers the amount of interest that gets paid out. You may need to work more years to accumulate these funds, though it can sometimes be difficult to find a new job after the age of 50. (Workers in physically demanding

jobs have an especially tough time extending their careers.)

2. Lower your expectations and plan on cutting back after you retire. Most people can trim their expenses by at least a certain percentage without it significantly altering their lifestyle.

Personally, I'm of the belief that you shouldn't be forced to cut back, not even one percent. By focusing on planning instead of cutting corners, you can have more than enough assets to not only live your preretirement lifestyle but a dramatically *improved* lifestyle.

Traditional financial planners recommend that people approaching retirement age take the following steps:

1. Pay down your debt, especially high interest credit cards.
2. Step up your savings. Ideally they should be 10 to 20 percent of your annual income, and you should put as much as possible into tax-deferred accounts like IRAs and 401(k) plans.
3. Diversify your investments.
4. Solidify your health and life insurance policies. Take a long-term care policy if you can afford it—something that's especially important because it allows you to protect your assets while providing for treatment and therapies that Medicare or private health insurance won't pay for.
5. Work longer, even part-time.

This is all basically good advice, though there's really much more you can do to help yourself, as you'll learn in these pages. I'm an especially big advocate of working beyond the time you formally retire; in fact, as you'll see in Chapter Ten, I advise people to work for as long as they are physically and mentally able—right up until the day you die if you can do so. The benefits to continuing to work and be a productive member of society go far beyond financial ones, although the monetary incentives alone are huge: if you're willing to work even an extra few years beyond the minimum retirement age of 62, you can increase your retirement income tremendously. Why such a huge payoff? There are several reasons:

1. Because you earn more income, you can save more.
2. Because you won't have to invade your IRA or other savings, it, along with all your other existing assets, will continue to grow.
3. By paying into the system longer, you increase your lifetime Social Security benefits.
4. Your annual Social Security benefits also increase, since the lifetime benefits are withdrawn over a shorter period of time.

THE DARK CLOUD... AND THE SILVER LINING

There are many compelling reasons to face your retirement years with a sense of optimism, and we'll explore all of them in great detail, but you also need to accept some harsh reality. The inescapable fact is that the baby boom generation is now on the cusp of retirement, with the oldest boomers just about to hit

that magic age that Paul McCartney sang about. As this huge generation makes its way out of the labor force, it will have to do so on much different terms than those offered workers during the late 20th century.

So you need to understand that whatever you had during your working life, you're not going to be able to continue that lifestyle unless you take steps to help yourself. Whatever your age, you'd better start the planning process *now* because the government is not going to be there for you, and, in all probability, neither will your employer. Social Security is in trouble, Medicare is in trouble, and the organizations that were developed to provide support services for retirees—the non-profit organizations that run the senior citizen centers and provide other vital services—are going to be overwhelmed by the increasing numbers of the senior population.

Everything's going to change in the next twenty or thirty years: demographics, the environment, our energy sources, government policy. The idea is to see *beyond* those changes. That's where opportunity lies. On the other hand, if you do not adjust for change and do not prepare for it, you're facing struggle, uncertainty, fear. That's what I say to people who feel that they simply want to maintain the status quo for the rest of their lives, that it's good enough to keep things same as they ever were. No, you'll need to do a lot better than that because you simply cannot live on hope—you have to live on reality.

If you face that reality squarely, if you're prepared to do some creative thinking and sensible planning, you can enjoy the kind of retirement you may have only thought was the stuff of dreams. I know. I'm living proof that it works.

Now let me tell you how I did it.