



Prepare for the Future

3

WORKBOOK

ACCESS Education Systems was developed as a tool to train and educate individuals and families concerning important money management skills. With Bankruptcy Reform, a message was sent from our regulators to all Americans regarding the importance of putting our financial houses in order.

ACCESS Education Systems provides individualized education to help American families achieve their dreams of financial independence. The principles in this Family Financial Training Course contain many of the initial steps to achieving long-term financial prosperity. It is a part of the ACCESS Education Systems Series providing new and effective means by which millions of the nation's families can learn the skills of personal financial management and establish a happier and successful future.

In addition to ACCESS Education Systems albums, ACCESS Educational Systems has an interactive website containing hundreds of articles and resources including newsletters, bulletins, and online courses to resolve any financial issue facing you today. ACCESS Education Systems offers renewed hope to those struggling with debt and financial pressures and provides sensitive, personal assistance and assurance to all families. ACCESS Education Systems leads the way with empowering financial information that will enable you and your family to have fun while developing the skills and knowledge that will allow you to achieve an improved standard of living today and achieve a brighter financial future.



ACCESS EDUCATION SYSTEMS

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ACCESS EDUCATION SYSTEMS
FINANCIAL FITNESS
TRAINING SERIES

Prepare for the Future

IMPROVE YOUR
QUALITY OF LIFE

HELP YOUR MONEY GROW

BE PREPARED FOR
RETIREMENT TRENDS

IMPROVE YOUR QUALITY OF LIFE

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A

“QUALITY OF LIFE” VERSUS “QUANTITY OF THINGS”



As you learned in the first Workbook, much of your life is occupied with buying and maintaining possessions and property. Your daily choices, actions, and thoughts about your possessions need to be in line with your financial philosophy. You’ll recall your financial philosophy is the rule that affects how you think about and use money. It determines your attitude toward the quantity or quality of possessions, and their importance to you. It also shapes what you feel most comfortable with and are drawn to as you deal with life’s changes. But, just what determines the rules or values you like and will use, and which ones you won’t?

Your Experiences

Psychologists studying behavior have shown people often act the way they do because of their previous experiences. You tend to prefer and repeat those experiences that make you feel good—and are inclined to reject and avoid experiences that make you feel badly. It can really be that simple.

What makes you feel good or bad? For example, many things or experiences can make you feel good like: acceptance from others, success, security, achieving goals, laughter and companionship, even simple things that taste, smell, sound, look, or feel good—just to name a few. Consider your

own life and your relationship to people, places, and things around you, and then answer these questions.



#1

1. List several things in your life that make you feel good:

2. List several things in your life that make you feel badly:

*“You never know
what is enough
unless you know
what is more than
enough.”*

~ William Blake

This may give you more insight into what motivates you into action or persuades you to avoid certain things and situations.



The Power of Your World View

Other factors also help to determine the rules or values you embrace and those you don't. One of the most important of these factors is your world view: what you believe to be true about the world around you—your “model” of how life is. From the time you're born, people, circumstances and your environment persuade you to see the world in a particular way.

It's difficult to even perceive of people or things being any different than you know them to be. The strength of this model may result in it never occurring to you that things could be any other way. This is the power of your world view.

You may be surprised to learn the planet is filled with many world views—about large and small issues, big and little things. You may be affected by them without even knowing it. Often what others believe about the world around you has far-reaching effects on your behavior and on the rules or values controlling how you buy and care for your belongings and property.

A World View Shift

A change in your personal world view can be an incredibly important event. It happens when you consciously decide to look at your environment in a new way. Perhaps by chance you learn something new and important, or maybe a situation or circumstance in your life makes a big impression.

You may start to see things in a new light, as if through someone else's eyes. Suddenly, you no longer accept what you previously believed to be true and natural about the way things are, and your model changes. You undergo a shift in your personal world view.



The key is your point of view...

Students at Jefferson High School considered Jacob to be very cold and conceited. He often completely ignored them and refused to respond when asked a question. It was as if he felt he was too good for their nonsense. He held his head high in what seemed a “snobbish” manner and passed by as if they weren't even there. The other teenagers often talked about him and what nerve he had to think he was too good for them.

Then one day Jacob came to school for the first time wearing hearing aids. Suddenly, his classmates realized what the problem had been. Jacob wasn't conceited at all; he simply couldn't hear their comments or questions and so he hadn't responded. This realization created a rapid shift in the other Jefferson student's world view of Jacob. They realized how wrong their previous beliefs had been and now gave him the benefit of the doubt. Once they took the time to get to know him better, it opened up a whole new world for Jacob and his new-found friends.

“A capacity to change is indispensable. Equally important is the capacity to hold fast to that which is good.”
~ John Foster Dulles



Cultural World View Cycles

Both life's experiences and personal world view shifts can change the way you look at things, and even affect your rules or values. Even though these changes may affect you on a personal level, they're often a result of a major cultural change.

One such major "world view" change has taken place in the last fifty years. In the two-hundred-plus year history of America, there have been many cultural world view changes in the national outlook. These cultural changes come in cycles—especially in regard to the ownership of possessions and property—with periods of material conservatism moving into times of great materialism.

During wartime, depressions and recessions, materials and goods typically are carefully managed and made to go as far as possible—there becomes a national outlook of conservation. In contrast, peace and prosperity lead to increased manufacturing and availability of products, especially luxury goods—bringing with it more waste and extravagance. In prosperity, a focus on materialism becomes culturally acceptable.

Look to Your Future

People who have lived through several types of economic cultural cycles tend to be more conservative because they realize how quickly things can change. Careful use of your resources, regardless of the current economic condition, helps you stay financially stable and better prepared for unforeseen situations. In times of prosperity you can remain fiscally responsible and build your wealth, which will also provide you a firm foundation in the event you experience leaner times.

Wants versus Needs...

Unfortunately, when there's an abundance of goods and services it often creates a cultural attitude of "wants" seeming more like "needs." This recent cultural world view has resulted in many Americans financially overextending themselves in pursuit of a quantity of things rather than a quality of life.

Consequently, a record number of Americans live in financial bondage. Often when it's too late, they realize extravagance doesn't bring the happiness they hoped it would. Instead, all their possessions and bills bring added stress, insecurity, and a heavy financial burden. Sadly, the loss of their financial security often leads to a loss of self-confidence, bankruptcy, divorce, and the end of their hopes and dreams.



"There is no such thing as absolute value in this world. You can only estimate what a thing is worth to you."

~ Charles Dudley Warner



Need to Adjust Your World View?

The prevalence of financial bondage has led to a growing trend or shifting cultural world view toward financial responsibility and the need to conserve. However, old habits die hard. You may want to consider the following points in determining if your world view needs some adjusting.

1. High-Consumption Lifestyle is Less Fulfilling

Many people are not enjoying their fast-paced lifestyle, expensive home, cars, and gadgets as much as marketers claimed they would. Numerous disillusioned consumers are finding greater satisfaction and fulfillment from a quality of life, not a quantity of things. Instead of working more hours to buy more things they have less time to enjoy—they’re taking charge of their lives. You can make conscious choices to spend precious time and money in worthwhile activities with people you care about, bringing yourself and others lasting fulfillment.

2. Quantity-of-Things Lifestyle has Negative Impact

Spending money for the sake of keeping up with the neighbors comes with a high price tag. Instead of owning your possessions, their upkeep and your debt starts to own you. Working for, maintaining, storing and protecting your belongings, consumes time and energy that you could have shared with your loved ones enjoying life. The easy-credit policies that entice people into buying more than they can afford or need, has greatly increased the average person’s debt, and decreased their freedom.

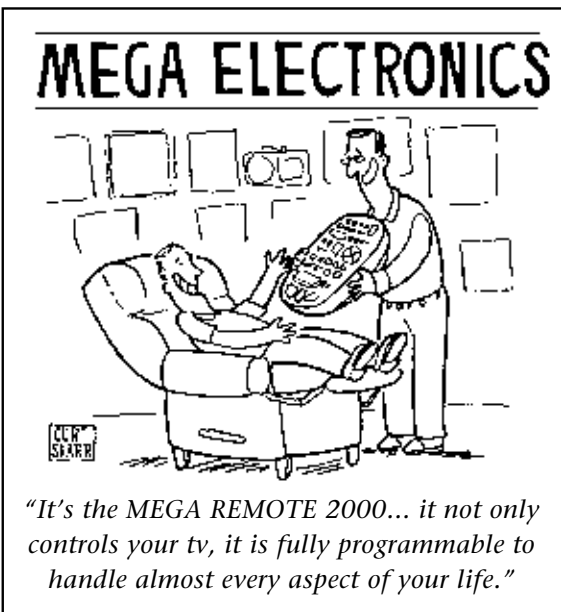
A Quantity-of-Things Lifestyle can create strains on family life, increase personal stress, and promote poor health habits. An abundance of labor-saving devices have produced an excess of human couch potatoes. For many people, a sedentary lifestyle at work and play has replaced physical labor and athletic activities. As you learned in Workbook 2—a stressful, inactive lifestyle negatively impacts not only your physical, but emotional well-being.

3. Ready for a Change?

As discussed earlier, America’s cyclical economic pattern of prosperity and excess is typically followed by an economic downturn and moderation. For example, the “Roaring 1920’s” were followed by the Great Depression and a war. After the war, there was a fairly long period of prosperity followed by the cultural upheaval of the 1960’s, etc. In each case, the excess of the former cycle led to the beginning of a new cycle and yet another change in the national outlook.

“I shall try to correct errors when shown to be errors; and I shall adopt new views as fast as they shall appear to be true views.”

~ Abraham Lincoln





America's cycle of heavy consumer spending and increased debt in the 1980's and 90's, led to an economic downturn early in the 21st century—and the cycle of change continues. The bottom line is, if your actions remain consistent with your values and financial philosophy, you'll have a safeguard against the ebb and flow of economic trends. When you make conscious adjustments to your world view in line with your financial philosophy, you'll be less vulnerable to the cultural winds of change.



4. The Information Age

The information age brought a higher quality of life to more people, at less cost, than during the industrial age. Like the industrial revolution depended on the assembly line to rise above the agricultural age—computers and higher technology are driving the “knowledge revolution.” It's enhanced the ability to store, recall, analyze, expand, process, and share information at an alarming rate. It's possible to draw clearer conclusions, based on more data, faster than ever imagined. However, it's also brought with it a staggering array of new products, and internet activities to spend your time and money on. Remember to be mindful of your long-term goals and values before you get too caught up in the latest trends.

Do You Need to Change?

Now consider the four previous points regarding the different world views of a quality-of-life versus a quantity-of-things.

Be honest with yourself and consider what areas of your perception may need some adjusting. To stay on-track, always make sure your world view and priorities are consistent with your financial philosophy.

Remember: Possessions are merely tools to help you achieve your goals, and enjoy your life. If your belongings are an end in themselves, they become like the well-known “tail wagging the dog,” and begin to own you. Self-fulfillment from healthy relationships and lasting accomplishments are much more rewarding than just adding to your life's “decorations.”

“Some people continue to change jobs, mates, and friends—but never think of changing themselves.”
~ Anonymous

Decorations on a Christmas tree may enhance your enjoyment and the tree's beauty, but they do little to support it. The tree must stand straight and strong on its own, or it won't be able to hold up the decorations. Just like you must stand on your own merits, not simply focus on outside trappings. When your life's through, people will remember the depth of your relationships and contributions to the world around you. Life is measured by what's at your core, not by the outside trappings and veneer.





B HOW TO IMPROVE YOUR QUALITY OF LIFE



It can be challenging to assess your values when you're considering a change, but you have the power of choice. Only you can decide how you feel about your lifestyle and if there are things you want to change or improve. Consider the following seven key areas for improving your quality of life. Any or all of them may be greatly enhanced by a positive change in your world view: Family, Community, Nature, Health, Education, Fine Arts, and Spirituality.

1 Your Family

Although the quality of family life ranges anywhere from wonderful to disastrous, everyone has a family of some kind. The big question is: what's more important—the individual or the family group? The answer isn't simple.

Each family member is unique and entitled to individual consideration. No set of rules or circumstances is perfect for everyone. On the other hand, no family member is an island. Members must cooperate to thrive, and even survive in a world where competition and the law of the jungle can rule—there is strength in numbers.

Various forces in modern culture are working to redefine the traditional biological or nuclear family and family values. It's essential you take the time to identify and understand what's most important to you and your family. It's too easy to get caught up in a struggle to survive and spend the majority of your time, energy, and resources maintaining and paying for your home, cars, food, and all the things that make up your lifestyle.

Step back and take stock of your family's quality of life. Briefly answer these questions from your current view point.

1. Describe your family:

*"Modern families don't seem to worry about the wolf at the door anymore. They just feed him on installments."
~ Anonymous*



#2

2. What do you feel is a quality family life?

"Men are free when they belong to a living, organic, believing community, active in fulfilling some unfulfilled... purpose."
~ D.H. Lawrence

3. Explain whether or not you feel you currently have a quality family life:

4. What circumstances may be keeping you from having a higher quality family life?

5. How can you change these circumstances in order to improve the quality of your family life?

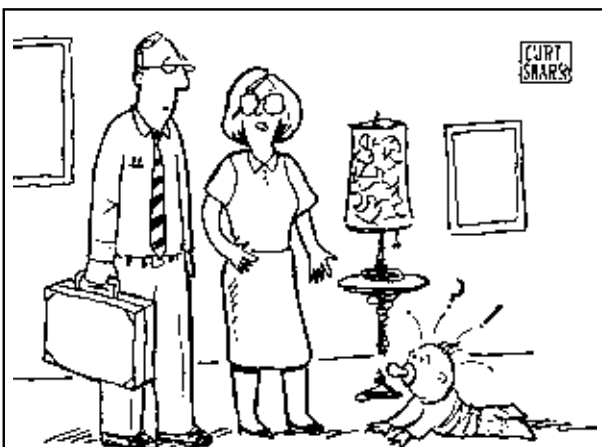
It's within your control to choose the best quality of life for you and your loved ones.



2 Your Community

In many ways, communities are like extended families. They typically form from individuals or groups with common interests like neighborhoods, schools, business, religion, sports, etc. However, a community is never any stronger than its individuals. Historically, strong involved individuals are an asset to their community, but the weak, disinterested, or uninvolved people can be liabilities, and sometimes the community suffers because of them.

You are part of many communities: member of the human race; citizen of a nation, state, or city; member of a church, civic group, political party, club, team, etc. There are endless possibilities to contribute. The quality of your membership relies largely on your involvement and the level of your commitment to each group. However, the strength of each of these groups depends in part on how much you care about and support your community.



"If we want that nicer home, we'll work double time and little Johnny can just spend more time in daycare."



#3

Think about your own interests and choices regarding your various communities. Consider the following questions and briefly answer from your point of view:

1. Aside from your family, what are the most important communities or groups you presently associate with?



2. Communities are made up of neighbors who live next door, down the street, on the internet, fellow team mates, and committee or board members. Maybe they belong to your church, political party, or club. Which of these neighbors would you like to know and support better in order to improve your "quality of life"?

3. If you had complete freedom of choice, how would you change your present involvement?

4. How would more, or redefined community involvement, improve your quality of life?

5. What life changes do you need to make in order to enhance your community commitment and involvement?

"A community has purpose and plan, and there is in us an almost instinctive recognition of the connection between unity and strength."

~ J. Glenn Gray

Even the biggest advancement of a community begins with individual members.



3 Nature

In the pursuit of a quantity-of-things often people fail to see the importance and benefit of Nature. In the headlong race to create a world of “things”, nature has been abused in many irreparable ways. Countless of Nature’s resources have been lost in the name of progress, and people are beginning to seriously question the ways of the past. Preservation and conservation efforts are increasing as people realize Planet Earth doesn’t have endless resources we can exploit forever.

Perhaps your circumstances haven’t permitted you to be as involved with nature as you might like. Consider your attitudes and interest in nature and its potential contribution to your quality of life. Briefly answer these questions from your current point of view:



#4

“There is a pleasure in the pathless woods, There is a rapture on the lonely shore, There is society, where none intrudes, By the deep Sea, and music in its roar; I love not Man the less, but Nature more.”

~ Lord Byron

1. **When was the last time you found yourself out in nature enjoying its resources? Describe the feelings you had at that time.**

2. **How do you feel about preservation and conservation of Nature?**

3. **What changes could you make in order to better enjoy the world of Nature and improve your quality of life?**

The marvels and beauty of Nature can be appreciated and enjoyed by everyone in your family. With only a little effort to get out of your house or car, you all can partake of its wonders.





4 Your Health

The health statistics of America are now among the worst in the industrial world! A combination of bad eating habits, less natural food, and more sedentary lifestyles are key offenders. Sadly, many people spend more time, money, and energy on their outward appearance than on overall health.



Unfortunately fast-paced lifestyles encourage fast food, pre-cooked, pre-processed, and practically “pre-digested” meals. Many people are more concerned about looking healthy than actually being healthy. Plastic surgery and a flood of cosmetics are promoted as the answer to any imperfection.

Numerous methods and medicines are available to treat the results of unhealthy lifestyles. There’s an abundance of medications for headaches, pains, sleep problems, lack of energy, etc. And drugs in the form of alcohol, tobacco, coffee, tea and harder drugs—simply cloak deficiencies in lifestyle. America is becoming a nation of spectators, rather than participants. Many more people watch their favorite team play rather than play on one. The result of these cultural norms is diminished health and fitness.

Good health and nutrition can make or break your quality of life. Consider the following questions about your present lifestyle, and write a brief answer best reflecting your current condition:



#5

1. What kinds of healthy exercise do you participate in on a regular basis?

2. Do you feel exercise helps you improve your quality of life? If so, why?

3. Do you think improving your current diet can enhance your quality of life? If so, what would you change?

*“A lot of people lose their health trying to become wealthy, and then lose their wealth trying to get back their health.
~ Anonymous*

-
4. Consider the amount of your spending plan you've allocated toward health concerns. What can you change to decrease this expense and also improve your health and those close to you?

"The task of education is to make the individual so firm and sure that, as a whole being, he can no longer be diverted from his path."

~ Friedrich Nietzsche

5. Describe the last time you studied how to improve your health, either by reading, listening, or consulting with an expert.

Good health is an invaluable asset, well worth the effort to develop and safeguard.

5 Education

Education is a wonderful tool to teach you how the world works, and how to work in it. It's easier to change your life when you have the skills and knowledge necessary. No doubt your desire for financial freedom is part of your motivation for studying this Financial Fitness course. The purpose of education is not only to know more—but also to use what you learn. How much time do you allot each day or each week for education? Not just the accidental "stumbling over facts"—but actual planned and meaningful education. The answer can make a big difference in your pursuit of a better quality of life.



Education is a big contributor to your ability to change things. Knowledge is power. Without it you're weaker, and often at the mercy of others who have knowledge. More importantly, education can give you power to make changes that will provide greater meaning and enjoyment to your life and to the lives of your loved ones.

Consider the following questions regarding your attitude about education; then write a brief answer that best reflects your point of view:



#6

1. When was the last time you formally participated in a class or learning situation where you were accountable for what you learned?

2. What were the results of participating in the class you just mentioned? How do you feel about your effort to improve your life through knowledge?

3. How do you feel about the amount of money you currently allocate toward educating yourself and your loved ones?

4. How could you use education to improve your quality of life?

"All great art... creates in the beholder not self-satisfaction but wonder and awe. Its great liberation is to lift us out of ourselves."

~ Dorothy Thompson

Take advantage of the numerous opportunities to learn about new things so you can enjoy a variety of experience and knowledge.

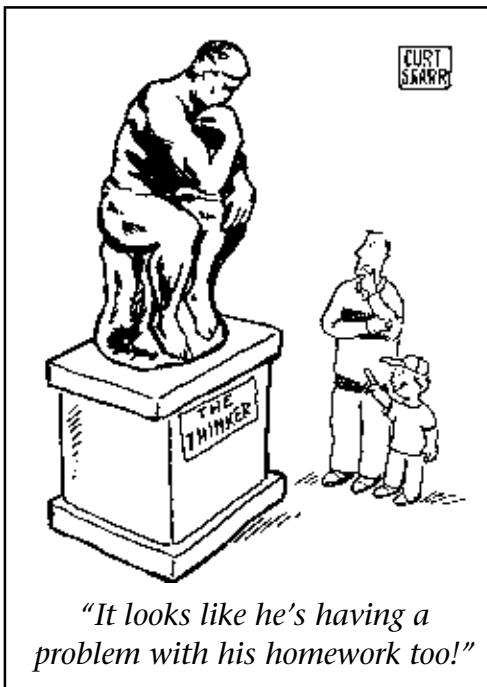


6 Fine Arts

The arts represent the “culture” of our society—the result of human effort to express itself through creativity. It can exemplify the highest in achievement and thought. The masterpieces of human creativity and insight are often considered priceless treasures. More importantly, they stand for the best efforts of men and women as they strive to gain and express understanding of the human condition. These achievements often provide unparalleled inspiration for those who experience them.

Art, music, literature, drama

—are developments of human thought that give coherence and perspective from generation to generation. A personal involvement in the arts, either by your own contribution or support of others, adds substance to your perspective. Exposure to the arts provides you with a sense of the richness and breadth of human experience, and can greatly enhance your world view and quality of life.



"It looks like he's having a problem with his homework too!"



Consider and briefly answer the following questions, best reflecting your present point of view:

- 1. Describe the last time you participated in the arts—like attending a play or concert, visiting an art museum, or reading a true literary treasure.

- 2. Describe your knowledge and sensitivity to cultural things—also how you feel about your current level of understanding?



#7

- 3. How would showing more interest in the arts improve your quality of life and that of your loved ones?

“Music acts like a magic key, to which the most tightly closed heart opens.”

~ Maria Von Trapp

Modern culture provides a wide range of remarkable accomplishments in the arts. Increase your quality of life by taking advantage of opportunities to enjoy them.

7 Spirituality



Recently the World Health Organization defined human spirituality as “that which is in total harmony with the perceptual and non-perceptual environment.” In today’s world of technical enlightenment and secular insight, spirituality takes many forms. Definitions typically include aspects of higher consciousness, self-reliance, self-actualization, love, faith, enlightenment, self-sacrifice, community, and bonding, as well as many others.

Spirituality encourages you to look for sources of inspiration and power outside yourself for comfort, guidance, and refreshment from the many challenges of life. The concept of spirituality separates the human race from all other creatures. Cultures throughout history have a deep rooted belief in the human “soul,” and view it as an integration of your body, mind, and spirit. It’s a gift to accompany you through life, a living consciousness of a divine-like presence within us and around us.



#8

Social Scientists have observed that whenever a society begins to lose its spiritual beliefs, it foreshadows a breakdown within the social group, indicating spiritual awareness and sensitivity is the “glue” that holds society together. It can help encourage growth in adversity, challenges, and problems which will help you live more resiliently, no matter what your situation.

Spirituality can be the very thing that gives your life meaning and balance in an ever-changing world. It can provide perspective and worth to your values—those of your predecessors—and also generations to come. Everyone leaves some kind of legacy on Planet Earth—what will yours be? Consider your world view of spirituality, and honestly answer the following questions.

“No matter what the world thinks about religious experience, the one who has it possesses a great treasure, a thing that has become for him a source of life, meaning, and beauty, and that has given a new splendor to the world and mankind.”

~ Carl G. Jung

1. Currently how important is spirituality in your life and the lives of your loved ones?

2. Many churches around the world are experiencing a boom in attendance. What do you feel regular church attendance or spiritual study could do to improve your quality of life?

3. Have you ever experienced what you felt was divine-like help or guidance during a difficult time in your life? If so, describe your experience and how you felt about it.



Typically people describe spiritual experiences as a journey or path. For a path to help improve your quality of life, it must be constructive, creative, proactive, and enhance your spiritual well-being. There are many paths to enlightenment. Its worthwhile to nurture a well-rounded existence and draw on all aspects of human nature to fulfill your needs.

C FOUR KEY FOCUS AREAS

"Unfortunately, we live in a world that tempts us with a great variety and abundance of food, and many of us eat not to satisfy physical hunger but to allay anxiety, depression and boredom, to provide a substitute for emotional nourishment, or to try to fill an inner void."

~ Dr. Andy Weil

There are four key areas in which careful planning and spending will reap great rewards in your quality of life and financial fitness. As always, you need to keep in mind the difference between wants and needs, and use your goals, values, and financial philosophy to guide your choices.

Basic Essentials...

All the aspects of your Spending Plan deserve careful consideration. However, there are four basic areas that can have a major impact on your overall success. They are: food, health, housing, and transportation. In studying the previous 2 Workbooks, you may have already begun to formulate a new world view on these issues. Now carefully consider the choices you make in these key areas, since they not only impact your spending, but your quality of life as well.



1 Food

Now that you've developed your Spending Plan in Workbook 1, you have a pretty good idea of how much you spend monthly on food. You may have also noticed food was one of your largest expense items. The average American family spends around 20 percent of their monthly budget on food: about 12 percent on food eaten at home, and more than 7 percent on eating out. It's no wonder careful planning and greater care in how you spend money for food can have a major financial impact. The following suggestions will help you make wiser choices.



1. Learn from others

Through studying books, tapes, seminars, and even consultations with nutrition experts, you can learn the best way to purchase and consume food. In recent years, many experts have returned to the "simpler is better" point of view where food is concerned. And often the simpler, less-processed foods are more nutritious and economical.

2. Ask yourself and your loved ones

How you think and feel about the food you eat is one of the most important aspects of your plan to improve. After studying the expert's advice, develop a plan that best suits you and your family's tastes and interests. Get everyone involved, let them contribute—you can all share in the planning and the success. If you don't enjoy the food you've prepared, you're not likely to stick with your plan.





"A headache is a message from the stomach to the brain saying, "Don't send down anymore garbage!"

~ Philip Yordan

3. Develop menus and compare costs

Consider everyone's tastes, and build a collection of possible menus based on nutrition, preferences, and cost. Make choices you can afford, live with, and enjoy. Also compare prices between your local supermarkets, the difference may be surprising. Then you can even design, print, and display your menus. Have fun and share in the creativity. Food can truly affect the condition of the human spirit; make good choices which will enhance your health and your quality of life.

Remember: Nothing is written in stone, you can also be flexible with changing seasons and tastes.

4. Keep things interesting

Men and women, young and old, do not "live by bread alone" but... without it for sandwiches, French toast, blueberry muffins, etc., life can get very dull! Nothing will shoot down your plan faster than boring meals or rebellion from loved ones. Magazines, TV, cookbooks, the internet, and friends are all great sources for new and innovative ideas. Creativity will help you stick to your goals, and variety is still the spice of life... and dinner!

5. Work together and follow through

Old habits die hard. Changing your world view takes consistent effort and follow-up, especially when it also affects your loved ones. Don't get discouraged, be consistent and celebrate your improvements; they will motivate you to keep working toward your goals.

Suggestions to Get You Started

1. Avoid impulse buying. Featured items and "sales" may not always be the best buy.
2. Use as few convenience foods as possible. When feasible make your own mixes.
3. Try to limit your shopping to twice a month, then stay with your planned items.
4. Avoid wasting food or cooking too much. Be creative and vary preparation of leftovers.
5. Beware of expensive packaging; it can cost more than the product.
6. Consider making your own baked goods from scratch, or buying "day-old" on sale.
7. Reduce junk food purchases; they're usually more expensive and the least healthy food.
8. Grow your own food; it's fresh, has less pesticides, and can bring self-satisfaction.
9. Shop in bulk. Buying larger quantities almost always saves money. Also the local farmer's market usually has fresher, more nutritious foods.
10. Build a food-storage supply using foods you use often and like to eat, and rotate it using the oldest first. You'll have to shop less often and will be prepared in an emergency.

2 Health

We discussed earlier the importance of good health; now we'll discuss the cost. Health care costs for the average American family are a major expense, and consume a large part of your spending plan. Any steps you take to maintain better health will also definitely influence your financial freedom and quality of life.



Health Maintenance—You need to be concerned with maintaining and repairing the health of you and your loved ones. The human body is a marvelous machine. And like all machines, it's easier and less expensive to maintain than to repair it when it breaks down.



Unfortunately in our fast-paced society, it's easy to forget or think we're too busy to maintain our health. But if we don't—eventually we have to stop everything to recover from preventable illness, and get well. Then you not only deal with the high cost of medical care, but pain and suffering, loss of work, and a definite decline in your quality of life. An ounce of prevention really is worth a pound of cure.

It's no mystery. It comes down to the principles we discussed earlier, feeling good or bad. Good health is the result of correct, healthy living. The problem is your marvelous body is so good at adjusting and covering up for the mistakes of an unhealthy lifestyle—sometimes you don't know you've got a problem until it's critical. Poor health typically comes from poor health practices. Symptoms can take years to surface, and then it's much more difficult and costly to treat. Your life is precious, and your health is the very essence of your quality of life. Take care of it or lose it!

Good health maintenance is based on a few simple principles:

"The poorest man would not part with health for money, but the richest would gladly part with all their money for health."

~ C.C. Colton

1. Good, consistent nutrition.
2. Proper and frequent exercise.
3. Prompt response to your body's warning signs, natural cycles, and needs.
4. Avoid practices that hurt you or cause your amazing machine to break down.
5. Get regular checkups by qualified health professionals.

Efforts you make to improve your health habits will bring the lasting benefit of a longer, more enjoyable life.

Learn All You Can

Good health maintenance involves educating yourself in three steps:



Step 1 Learn what your body requires to be in the best running condition.

Step 2 Learn about nutrition, exercise, your body's natural cycles, and what may be harmful or destructive.

Remember: You don't have to know everything all at once. Your body is great at compensating for your ignorance and mistakes. Unlike your computer, your body is able to fix itself most of the time—that is until it's so neglected, alarms are sounded and it begins to shut down!

Step 3 Education and maintenance needs to be ongoing. Regular checkups with your doctor, dentist, and health professionals will keep you informed and up-to-date on your current condition. Time takes a toll, and regular assessments are vital to a good health maintenance program.

Make learning a life-long habit. Everything you learn about your body, good health, and proper maintenance will benefit you in the long run—just keep working at it! This knowledge and understanding will help you make plans and take action to properly guard, improve, and manage one of life's most precious resources—good health.

Soaring Health Costs

For most Americans, healthcare costs are the fastest growing item in their spending plan. Government, social agencies, health care professionals, and consumers—are all deeply concerned with solving this serious health and economic problem.

You need to make the same careful studied approach to healthcare as any other expense. Get as much information as you can, compare costs, and think about quality; you need your body to work for the long term.

Become a knowledgeable consumer and as a rule, you'll become financially free and have a higher quality of life. Isn't that what this is all about in the first place?



"Education should... create those mental habits which will enable people to acquire knowledge and form sound judgments for themselves."

~ Bertrand Russell



3 Housing

Housing costs are typically your single largest expense. Today the purchase of a home usually involves a long-term mortgage, substantial debt, and a lifetime commitment. The other alternatives of renting or leasing are also expensive and involve dependency on the whims of a landlord. Your housing has the potential to greatly enhance or detract from your quality of life. Studies show the average household spends more than 30 percent of its disposable income for housing, so where you decide to live needs to be an important concern for you.

Buying vs. Renting

Even though home ownership can be an excellent financial decision, there are many factors that must be considered. You might not be able to sort out this dilemma without the proper knowledge and careful consideration. Tax breaks, etc., tend to make owning your home more fiscally favorable. However, the ease of movement and the limited responsibility associated with renting or leasing are sometimes more important.



Traditionally, there have been great benefits in owning real property, especially your own primary residence. Citizenship rights, voting rights, social standing, and a host of other benefits have often been dependent upon owning land or real property. Special tax breaks are awarded to those who own or are buying real property. There's a sense of pride associated with owning your own home—even though ownership typically includes a long-term financial commitment.

Renting or leasing on the other hand, avoids many of the problems associated with home and real property ownership. Homes require considerable attention and maintenance to preserve them as valuable assets. Typically leasing or renting doesn't include financial responsibility for maintenance and repairs—that rests with the property owner. When renting or leasing you're usually responsible for:

1. Making the monthly agreed-upon payments
2. Using the property in a reasonable and responsible fashion
3. Insuring against any possible loss of personal property or property damage.

"You are a king by your own fireside, as much as any monarch on his throne."

~ Miguel de Cervantes

Your quality of life can be greatly influenced by whether or not you own or rent your home, and where you choose to live. It comes down to what you want and need. Whatever your choice; make sure it's an informed decision. Your confidence in your decision and your peace of mind, are major factors in whether you feel good or bad about how and where you live. Friends, neighbors, schools, churches, and many other things can also be greatly affected by where you live.



Where Future Housing Is Headed

There are three important aspects to consider in purchasing your home.

1. The cost of housing
2. Where you live
3. Future trends in housing

"It seems that many people these days are building new homes on the outskirts of their incomes."

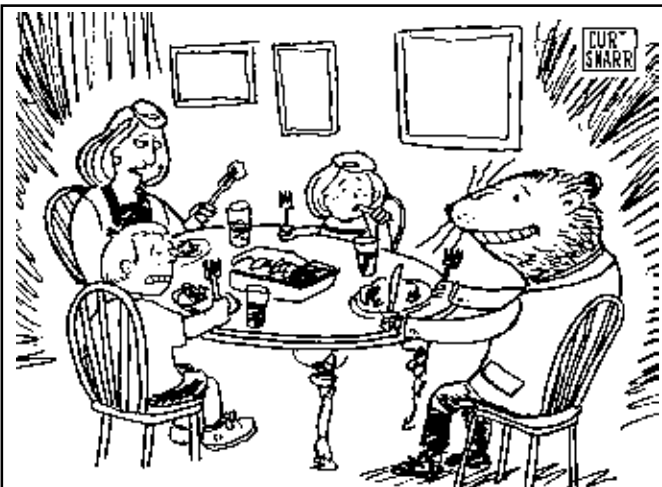
~ Anonymous

In recent years, we have all seen the devastating effects of recession and have watched as prices of homes plummeted. The cost of housing is starting to trend back upward but it may be awhile before the value of your home gets back to where it was in 2008. Sometimes local factors cause the price of housing to go down but the long term trend has been upward.

Where you live is an important consideration. "Location, location, location" has often been stated as the three most important issues in choosing your home. It affects the value of your home, your standard of living, neighbors, commute, schools, community, etc.

Since the industrial revolution, there have been cycles of people moving between the cities and more rural settings. These trends vary depending on job availability and cultural lifestyle changes. At times there's been greater interest and pressure to move to a rural setting, to get out of the "rat-race." Other times there's a trend toward the city and its increased job and activity possibilities. These trends affect housing prices up or down depending on the direction of the current movement.

You need to consider where and how you'll live in the future. Be watchful and responsive to changing trends. Your home and quality of life will be affected in ways you can't always predict, so keep abreast of the latest developments.



*"Dear, **you** may be part of the rat race, but your not dragging **us** with you."*

Future trends in housing have always interested people. Architects, social, and city planners, often speculate about the shape of the home of tomorrow. Houses hold a unique position within society by reflecting current values and trends in families and communities. The nature of the occupants, and the quality of life they enjoy, is often reflected in how and where a family lives.

Recently, the traditional house has become less and less the focus of family activity and identity. With increased outside activities and interests, people are spending less time at home. Although some see the role of the home becoming more functional, where both work and social activities take place.

"Nothing ages your car as much as the sight of your neighbor's new one!"

~ Evan Esar

Greater availability of technology has increased the number of in-home businesses and multitasking has become the norm of family life. "Great rooms" combine multiple purposes of a family room and kitchen, and are making our living spaces more social, effective and decreasing construction costs. In-house exercise equipment, saunas, and spas reflect an emphasis on good health. Greenhouses and gardens indicate a back-to-nature attitude and an interest in home-grown food. Our homes and the activities that go on in them are always evolving.

Whatever your house of tomorrow looks like, is located, or costs—it will likely continue as a major factor in shaping your financial fitness and quality of life. If you don't act responsibly, or are too impulsive in your decisions, it could end up causing stress. The more wisdom and care you use in deciding its design, location, and cost, the more likely you'll be happy with your decision and enjoy your home.



4 Transportation

How much of your monthly income is spent on transportation? The national average is more than 20 percent—a high price just to get where you need to go! That's why it's important to review how much money you spend on transportation. For most Americans the expense is largely due to the purchase and upkeep of their cars.



If your lifestyle doesn't require you to use a car, you've avoided a major expense. There are other forms of transportation that may impact your budget: trains, planes, buses, taxis, and bicycles—but cars are typically the most expensive and have the most bearing and affect on expense and quality of life.

America's love affair with the automobile originated in the early 1900s, and hasn't slowed down since. The car is a status symbol and source of identity, rolled into one. There have been trends toward large luxury cars, small fast cars, big sports utility vehicles, and everything in-between. They've become a reflection of high-fashion, creating images of power, prestige, beauty, and intelligence.

Need an attitude adjustment? Is that possible without seriously compromising your lifelong enjoyment and perception of cars? First of all, you only need to adjust your attitude if you think a problem exists. After careful consideration and soul searching, if you decide you've been putting too much emphasis on your car at the expense of your financial stability—by all means, make an adjustment. You'll need to reassess your world view of cars and how they fit into your quality of life. Use your intelligence and creativity to help keep you on course toward financial freedom.



Smart Car Buying

Right Car for Your Needs—Don't always go with your first impulse. If a car's appearance doesn't measure up to your dreams, remember an impressive looking sports car may not fit your needs, or be appropriate for your family. Consider the gas mileage, reliability, and your various driving conditions. Test-drive it and see how comfortably it fits your family, before making your decision. Consumer Reports provides a great breakdown and comparison of most automobiles and their reliability.

Consider the Cost—Evaluate your resources and decide in advance what you can afford. Be firm on your cost limit as well as the monthly payments you can afford. Research the approximate operating costs, gas mileage, and insurance and registration costs for the car. Make sure it's in line with your spending plan. Never purchase a brand new car unless you pay cash and plan on keeping it for at least five years. Let someone else pay the initial depreciation on your new car, saving you thousands of dollars.

Shop Around for Financing—Compare interest rates the dealer offers with rates you can get from your credit union. Try not to finance more than 36 months. If you can't afford the payments, consider a less expensive car. Don't be tempted by marketing gimmicks, paying off your credit cards, or getting a "free vacation" with purchase—all come at a price. Don't let yourself be pressured; there will always be another sale.

"It seems that our modern cars won't start until the seat belt is fastened—and the pocketbook is emptied."

~ Anonymous

D PLAN YOUR QUALITY OF LIFE



Now what? The Secret to changing your future—is wanting to. Review your responses to the questions in this Workbook; you'll be able to tell if you're not entirely satisfied with your lifestyle. If traveling down the road you're on won't make you happy, then now's the time to reset your course. The choice is yours; changing things requires an act of your will.

Every journey begins with a single step. You can start with one of the areas you've just reviewed to improve your quality of life. Then work on your world view just as you did your financial philosophy in Workbook 1. Write down your one-month and one-year goals.

Remember: An unwritten goal is only a dream. When you write down your goals and pursue them, your design for improving your quality of life becomes a source of great power and satisfaction, propelling you successfully toward tomorrow. Ask yourself, "If not me, who? If not now, when?"



YOUR COMMITMENT

—*Improve Your Quality of Life*

Remember, the most valuable thing you can give yourself and others is your word. This commitment is a crucial step toward adjusting your world view and improving your quality of life. Complete all the exercises within 3 months, or you're not likely to finish them. The earlier you're done, the sooner you can put your new insights to good use. Write your expected completion date on your calendar to remind you.

Please read this, fill in the completion date, sign, and date it. Recognize and accept this commitment as your conscious choice.

I promise to make the necessary adjustments to my world view and actions to improve my quality of life.

"What the power is I cannot say; all I know is it exists and becomes available only when a man is in that state of mind in which he knows exactly what he wants and is fully determined not to quit until he finds it."

~ Alexander Graham Bell

Date I'll complete
this Commitment by

Your Signature

date signed

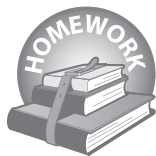
Date I'll complete
this Commitment by

Signature*

date signed

** Others participating in this commitment are also welcome to sign.*

Congratulations on learning more about your world view and considering ways you can adjust it to better fit your goals. Take pleasure in letting go of some of the quantity of your things, and increasing the quality of life for you and your loved ones.



HOMEWORK

Follow these suggestions to help you make any necessary adjustments to your world view, and improve your quality of life.

- 1. Make new goals.** Review the areas you determined you would like to make changes in. Set monthly and annual goals to bring you closer to your objective of a better quality of life. Note them on your calendar and reevaluate how you're doing. Consider reviewing your quality of life on your birthday every year; it's a great way to get a fresh perspective.
- 2. Discuss your new insights and goals with your spouse or partner.** Work jointly in setting your goals and reducing your quantity of things—then you'll improve your quality of life together.
- 3. Remember, you're making life-changing decisions.** Old habits, especially negative ones, can be very hard to change. Use good planning, and consistent effort, and acknowledge and celebrate any change in the right direction. As you learn to use these new methods, your skills will grow, and you'll truly become the master of your financial affairs!



"Our new quality of life is going to be great!"

HELP YOUR MONEY GROW

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A AMERICAN CAPITALISM STRAIGHT AHEAD



Here's your last signpost along the Road to Financial Freedom. This Workbook reminds you how important taking responsibility for your own finances is to your future. Without active involvement and exercising control of your money, it becomes too easy to get side tracked from your goal of financial fitness.

Benefits of Freedom

To be totally free in your financial affairs, you need an environment that permits you to work toward any financial goal you choose. As Americans, we have inherited the foundations for a free financial climate. We enjoy the benefits of liberty, the free enterprise system, and capitalism. They're celebrated to be the most progressive and encouraging economic systems in the world. Without them, you could be misdirected onto paths leading to dangerous destinations—situations that could enslave you.

Capitalism is a political economic system where private wealth, lawfully acquired or developed by private enterprise—under free competition—is owned or managed by those who earned it.



"We need a free economy not only for the renewed material prosperity it will bring, but because it is indispensable to individual freedom, human dignity and to a more just, more honest society."

~ Margaret Thatcher



Why the Success?

During its first 200 years, America emerged from a primitive wilderness to a nation now producing one sixth of the world's goods and services. Historically, no other nation has ever achieved such success. But America's success can't be credited to unusual resources or attributed to a unique breed of people...similar resources are found throughout the world and the people of America are races of all nations.

"The basis of political economy is non-interference. The only safe rule is found in the self-adjusting meter of demand and supply."

~ Ralph Waldo Emerson



In fact, you'll discover the success comes from the genius of the free enterprise system and how it encourages millions of Americans to be responsible capitalists and stewards. America's vast financial achievements stem from this great system.

The Free Enterprise System



America is the biggest economic power in the world today. You have all the natural resources, economic powers, and financial tools needed to provide goods and services to a global market. The only limitations holding you back are capital, raw materials, knowledge, industry, competition, and the moral guidelines of honorable citizenship.

The core of this model is the free enterprise system. It's a system supported by an environment of free trade. In this environment of a free society, the free enterprise system has blossomed and flourished through the genius of responsible capitalism.

Private Property

Private property is one of the leading characteristics of a free society. However, its ownership is fragile. Throughout history, disputes have raged over the issue of land ownership—private ownership versus public ownership. Sometimes this debate has grown so heated, nations and even families have battled each other. These destructive conflicts have caused the legal system in every developed county to enact regulations for standardized ownership of real estate.

These laws and regulations governing land ownership have in great part, fostered the political economies of the free western world. These laws define land ownership, protect the rights of landowners, and penalize those criminals guilty of illegal land dealings.





In America and throughout western civilization, political power and wealth are often tied to land ownership. In contrast, communist countries forbid personal ownership of land, claiming the right of common possession. The collapse of communist Russia in the twentieth century, reveals the failure of the restrictive policy of communal ownership.

Pride and Care in Ownership

It's been proven when individuals own property, it leads to a sense of pride and responsibility in caring for and improving the property. When you own property and make improvements, you truly feel responsible for it. Once landowners add their labor to property, the value of it becomes the combination of the land value—plus the value of the added labor. Because labor is private, the value of the land becomes based even more on the added value of human labor than on its original value.



Responsible Capitalism —Stewardship

In Western history, wealth has always been connected with land ownership. Through land improvements a landowner became wealthier. The wealthier a landowner became, the more respect he received. Responsible stewardship affords benefits that fall into three main categories:

1 Capital Increases Your Opportunities

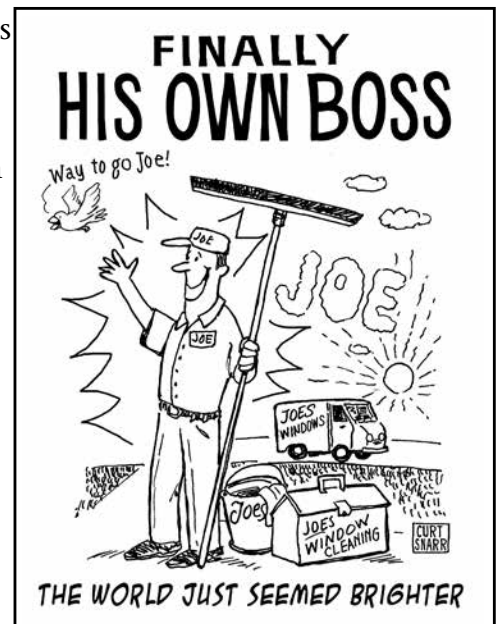
Our ancestors entered the industrial revolution with visions of a new world where machines could increase physical abilities, replace backbreaking labor, and protect you from unsafe working conditions.

The computer age brought predictions of amazing mental enhancement. Computer science put men on the moon and personal computers became as commonplace as television sets.

In much the same way that machines and computers increase our physical and mental abilities, money or “capital” increases our personal opportunities. Today, capital is leveraged to buy, sell, trade, loan, and exchange assets. It can help you develop opportunities for personal gain and self-expression.

“Private property is desirable, is a positive good in the world.”

~ Abraham Lincoln





2 Preserving Your Estate Blesses Your Family

In some ways America has unique laws of inheritance. Through proper planning, you may pass on your assets, real estate holdings, and other capital to family members, friends, or charitable organizations. Then you guarantee those closest to you in life benefit from your financial assets when you pass away. So acting as a responsible steward brings rewards to you and your loved ones.

"The power of perpetuating our property in our families is one of the most valuable... and that which tends the most to the perpetuation of society itself."

~ Edmund Burke



3 Capital Benefits Your Family and Community

Private property is not entirely "private." It's part of the resources of Mother Earth's original gift to you. Because of this, communities feel some sense of responsibility and ownership for private property. Zoning and Public nuisance laws may apply to your property affecting its upkeep and maintenance. Municipalities may exercise "eminent domain" laws and convert private property to public property.

This view of shared ownership means although private property benefits private individuals and families, its value and improvements may also benefit the community. Society encourages and supports the efforts of private landowners to act responsibly in maintaining and improving their property and neighborhood.

B

ESTABLISH AND MAINTAIN A SAVINGS PROGRAM



Build up and Increase Your Capital

There are two valuable tools to help you build and increase your capital—both are within your grasp and well worth using. One is a successful savings plan, the other an effective investment program.

A Successful Savings Plan Looks to the Future

Whether you're saving for your child's education, a new home, a dream vacation or your retirement, saving is the result of planning. No matter what personal goals you've set, plans can only be made for the future. They have nothing to do with the past, and affect the present only in your daily choice to stick to your plan. A goal's nature is firmly planted in the future whether for a day, a month, or a year.

Postponed gratification is the price for a strong financial future. Exercising patience and self-discipline insures your future is filled with less worry and more happiness through financial security. This is exactly opposite of current marketing—and the attitude of self-indulgence and instant satisfaction.

"The way to wealth, if you desire it... is plain. It depends chiefly on two words, Industry and Frugality; i.e., waste neither Time nor Money, but make the best use of both.

~ Benjamin Franklin



Great Power in Focus and Consistency

If you poured a bucket of water over a sandstone boulder several times a day for ten years, the sandstone boulder would probably change very little. But, if you dripped water on the same spot on the stone every second—minute by minute, hour by hour—for the same ten years it could make a noticeable indentation, maybe even produce a hole all the way through the boulder. Successful Saving is focused and consistent.

What's Your Attitude?

Describe your current attitude toward "savings." Also write down your feelings about your attitude. Do you find saving difficult or easy... inconsistent or steady... rewarding or nonexistent?



#1

"In reading the lives of great men, I found that the first victory they won was over themselves... Self-discipline with all of them came first."

~ Harry S. Truman



Saving is NOT Complicated!

Many people just lack training in self-discipline. You need to practice more self-control and follow your true goals and dreams. In a world of convenience and instant gratification, it's easy to get used to giving in to what's fastest or easiest... unfortunately, it often isn't what's best for you. Getting tempted down a side road leads away from your goals and dreams, and you'll end up frustrated and disappointed in yourself and your future.

Your grandparents dreamed of the days when much of the drudgery of earning a living would be replaced by machines and scientific wonders. They dreamed of thirty-hour workweeks, more free time, peace and prosperity. But tomorrow didn't come as they imagined. Instead, many Americans have become virtual slaves to current wonders and technology and the instant gratification it presents.

Today, the typical family puts in longer workweeks, has less free time, and chases prosperity on a treadmill going nowhere. Families often exercise too little choice or planning in spending their money. They find themselves in financial bondage because they lack the essential skills of self-discipline and planning necessary to face a flood of choices.

Live Happy—Do the Right Thing.

The number one reason for not starting a savings program is procrastination. People understand the principal of saving, and they're aware of the benefits—many even have some sort of plan. But they struggle with just getting past standing still. You may either put off starting or make excuses to not follow through. When you're not true to your sincere desires, you become discouraged and unhappy—which often holds you back from your goal.





"Postponement: The father of failure."—Elbert Hubbard

Time's Your Asset

The problem's compounded since procrastination robs you of TIME, which is a critical asset of your successful savings plan. It's not all your fault, the culture of convenience and instant gratification, says it's not popular to sacrifice the 'bling, bling' of today for financial security tomorrow. And you've learned the need to belong is a primary social need. But to live right—you must do right by yourself—you must act responsibly.

*"Dost thou love life?
Then do not squander
Time; for that is the Stuff
life is made of."*

~ Benjamin Franklin



Tempted by Modern Advertising?

You've already learned how relentlessly marketers work to manipulate you, and your children, toward short-term buying decisions. The multi-billion-dollar advertising industry thrives on glamorizing the "benefits" of instant gratification.

Small thinking...

Today, people seem more interested in things than in principles. The emphasis on the improved value of property instead of the pure value of land is a good example. Today's landowners control small parcels of property with improvements of maybe a fence or garage. It's much different than the larger, productive land tracts typical of earlier land ownership. Such fragile improvements show our contemporary interest in things of short duration. There's nothing wrong with small improvements, but the emphasis is on immediate fulfillment instead of enduring quality. It's shortsighted and causes people to devalue the virtues of long-term planning.





"Habits are either the best of servants or the worst of masters."

~ Unknown

The Secret to Saving is Simple.

To become a great saver, simply learn new habits and attitudes towards money and its use. Everything you've learned in these Financial Fitness Workbooks will help you achieve this. Your emphasis must be on your long-term goals instead of short-term impulses. Live your financial philosophy and follow your roadmap to a financially healthy future. Don't be blown off course by the winds of instant gratification. You're the one who decides who'll control your financial future... will it be you or your creditors? Now you know the steps you must take if you want to arrive at Financial Freedom, so choose to be the master of your future.



You Can Do This!

When you have a particular need or question refer to what you've learned in your Financial Fitness Workshop Series:

1. Take Control of Your Finances
2. Improve Your Financial Life
3. Prepare for the Future

INVEST TODAY FOR TOMORROW



Along with savings, investing is the other valuable tool to help you increase your capital worth. You may find it intimidating, but it's not as hard as you may think.

Choices, Choices, and More Choices

There are endless choices for investing, so as you sort through them, consider these three questions:

"You should never spend your investment capital on consumer goods; but at the same time, sitting on a rock doesn't offer the same attraction as sitting in a rocking chair."

~ A.W. Bown

1 How Will the Investment Improve Your Life?

Investment in personal assets may drastically affect this question. Investments like a principal home, vacation home, or rental property—furnishings, automobiles, clothing, jewelry, and so forth, are valuable personal assets that may be considered investments. Investing in land for agriculture to raise your own food, or investing in your own business to provide a livelihood may also affect this question.

2 How Safe is the Investment or Strategy?

Does your investment portfolio allow for increased risk with certain investments, or do your investment goals require a more conservative approach? Do Not stray from the investment program you've designed. If an investment doesn't bring you closer to your written goals, avoid it.

3 How is Your Return on the Investment?

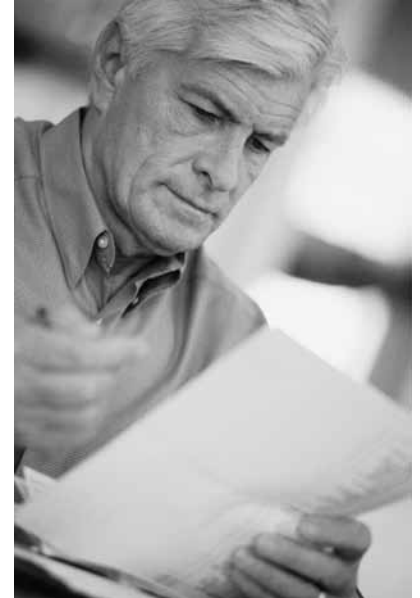
Does this particular investment make sense in terms of your knowledge and investment experience? Does it fit your investment plans and satisfy your short- and long-term investment goals?



Current Investment Menu:

The following list provides a menu of investment categories to consider as you identify, define, and plan out your investment goals. Be sure to make short-term and long-term goals and strategies.

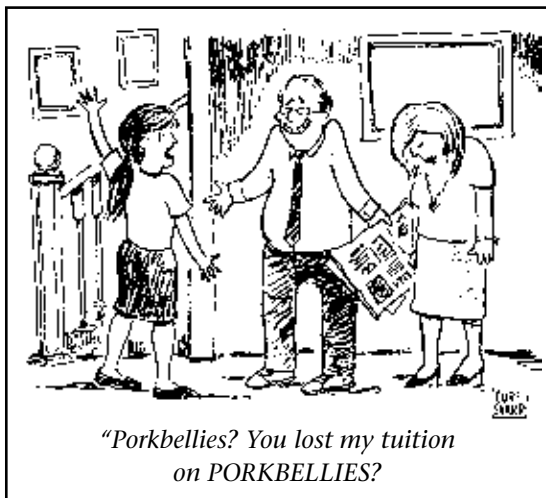
- **Personal Assets:** Home(s), furnishings, automobiles, apparel, jewelry.
- **Insurance:** Life, health, disability, casualty, disaster, business, self-insurance.
- **Real Estate:** Raw land, farmland, rental property, commercial real estate.
- **Your Own Business.** Even just a side business to supplement your income.
- **Someone Else's Business:** Stocks, mutual funds.
- **Bonds, Notes, Loans, Annuities.**
- **Gold, Diamonds, Art Objects, Collectibles.**



Uncertainty, Vagueness, and Risk

As you consider the various investment opportunities listed above, one fact is obvious: The future is uncertain. A cloak of uncertainty surrounds each investment opportunity. Will the economy grow at a vigorous rate or falter in an environment of financial difficulties? Will stocks rise to new heights or fall to historical lows? Will interest rates go up or down? Will interest in collectibles and art be faddish or long lasting?

No matter how you answer these questions, there are some concrete issues: You need a home; children's educations must be financed; retirement is an approaching reality, and taxes must be paid. These are only a few of life's more important responsibilities moving us toward savings and investments.





RULE: Shifts in economic growth and interest rates and fluctuations in financial markets are normal parts of our nation's business and economic cycles.

Shifts and fluctuations have happened before, and they'll happen again. New or disruptive economic events, like sudden shifts in the financial market, often receive considerable media attention. Long-term success stories, however, seldom receive the same coverage. Don't be fooled by spin-doctors or investment gurus. If the media is reporting it, it's too late to take action. Both, journalists and experts report historical events not future developments.



Develop a Long-Term Investment Plan

Throughout this Series, you've been reminded, 'To fail to plan... is to plan to fail.' This same reminder applies to investment goals and strategies. Haphazard or poorly conceived investments bring frustration and financial ruin. Years of budgeting, saving, and self-sacrifice, with your personal finances can be overturned by a careless investment. To avoid such a disastrous probability, and to help your planning, follow these three steps:



1 Define your Investment Objectives

Everyone's financial needs are different. Yours are no exception. Define your investment goals and strategies by asking yourself two questions about your needs:

- a. **What do you want from your investment?** When young you may want investments to satisfy several goals: an education, a home, or a business of your own. If you're older, you may be looking toward your child's education, or retirement and its special cash flow needs. The goals you define are as varied as the financial markets available. You should clearly identify appropriate goals—for the short-term and for the long-term—so all your wants and needs are satisfied. You may want to refer to your "Most Important Things" list in Workbook 1.

"Investment must be rational. If you can't understand it, don't do it."

~ Warren Buffet



- b. **What is your time horizon?** When will you need the money your investment capital earns? Will you need it within ten, twenty, or fifty years?



#2



Your Investment Objectives:

Describe your investment objectives and your timeline for each objective. Feel free to use the 'Note' section in the back if you need to:

Money Needed by: **Investment objective:**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



2

Know Your Tolerance for Investment Risk

A basic rule applies to most profitable investments: “The greater the risk, the greater potential for reward.” If this rule doesn’t hold true, it’s probably an unprofitable investment from the outset. If the return is not in line with the risk of the investment, you should avoid it at all cost. But if you can find an investment with limited risk and great potential for reward, consider it by all means.



Two questions are important for you to ask:

- a. Are you comfortable risking some of your principal for a potentially greater reward?
- b. Would you rather accept a lower return in exchange for greater safety of your investment capital?

“Riches well got and well used are a great blessing.”

~ Thomas Fuller

Your time horizon is a factor in deciding your investment risk limits. Generally, the longer your time horizon, the greater risk you can withstand.

Where are you?

If you're young and continue an investment for 20 years or longer, you may be more comfortable with the higher risks associated with more aggressive investments. However, if you're older or nearing retirement, more conservative investments may be better suited to your needs. Only you can determine what "safe" means. You need to decide, in order to have workable strategies and hopefully profitable investments, both short-term and long-term.



#3

Your Risk Tolerance:

Describe your risk tolerance as you consider various investment opportunities:



3

Build a Portfolio to Fit Your Objectives and Risk Limits

Your investment portfolio is the mix of investments you make. No one mix of investments is ideal for everyone. You need to structure a portfolio to fit your individual needs, based on your objectives and risk tolerance. Your goals should be reflected in the way your investment dollars are spread among various types of assets.

Make your investment plans flexible enough to be modified if your investment needs change. Your portfolio can always be restructured to meet changing investment goals. Also, when building your investment portfolio, it's necessary to plan a certain amount of money for an emergency fund for liquid cash needs.

D



PLAN YOUR INVESTMENT THEN INVEST IN YOUR PLAN

"A lot of people who are worrying about the future ought to be preparing for it."

~ Unknown

The purpose of an investment plan is to successfully maximize the return on your investment. Once you've defined your investment goals and plan... determined the limits of your risk tolerance... you begin to invest your capital to build a profitable investment portfolio. The following steps may help you develop a workable investment plan.

1 Own More—Risk Less

Smart investors diversify investments. You invest in different types of assets. This strategy protects you against major drops in any one investment, market, or industry. When investments are volatile, moving up and down in value, some investments lose value while others realize large gains.

For example, if you own stocks, bonds, and money market instruments, you won't be as vulnerable to a drop in the stock market as an investor who owns only stocks. If you invest in gold, fine art, and collectibles, you won't be as exposed to risk as you'd be if you only invested in gold.

A word of caution about mutual funds should be mentioned. Sometimes, investors believe they have enough diversity in their portfolio simply by owning hundreds of shares of a mutual fund. Usually, a mutual fund diversifies its investments as a hedge against risk. But, as an investor of a mutual fund, you may be vulnerable to the risk of fund mismanagement or excessive administrative fees.

REMEMBER: No single investment can meet all your needs through every phase of your life. It's important to create a flexible, diversified, investment program that can be modified as you grow older or your needs change.



"You can do what you want to do, accomplish what you want to accomplish, attain any reasonable objective... if you want it, if you work to do it, over a sufficiently long period of time."

—William E. Holler



Spread the Risk

Take hold of a long, slender plant stem and break it in two. You'll notice it's not hard to do. Now take hold of a dozen more stems, all bundled together, and attempt to break them the same way. You'll find it to be much more difficult.

It's a lot like your investment portfolio. If all your capital is in one investment stem, your entire investment program could be broken if it drops in value. However, by bundling your investment dollars together with many investments, **you have a much stronger investment** program. And like the bundle of stems, it's much harder to break.



2 Reinvest Your Earnings.

Depending on your time horizon for a particular investment, you may not immediately need the income it produces. Then, you can reinvest the income to earn compound interest. This can usually be done automatically through your fund manager.

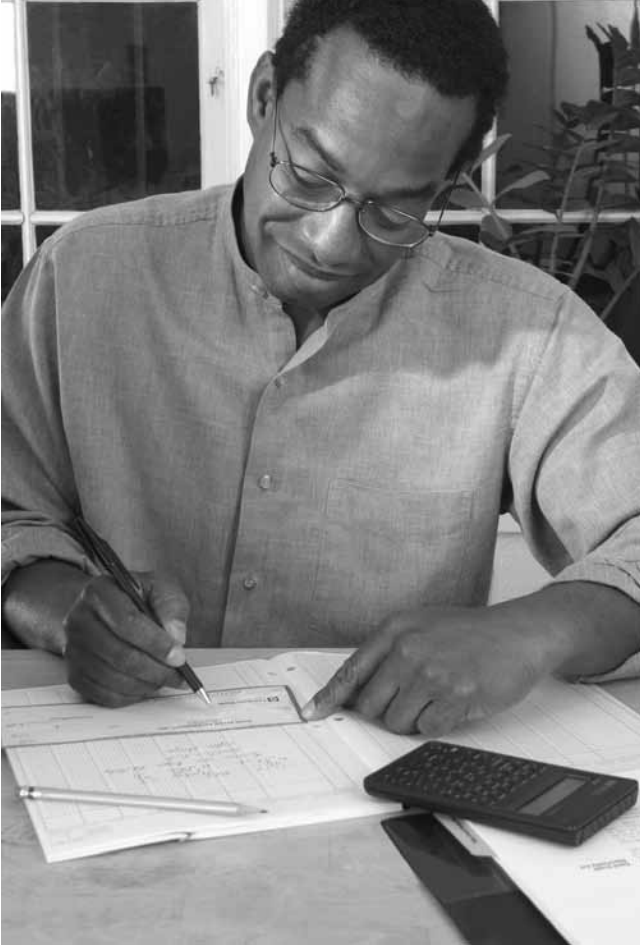
For example, most mutual funds allow you to reinvest dividends or capital gain distributions automatically. When you reinvest in this way, you compound your return on investment and earn interest on your interest.

The power of compound interest was discussed in Workbook 1 and Workbook 2 and explains how you can use the Rule of 72 to double an investment. Just to remind you...the time needed to double the value of an investment is calculated by dividing 72 by the annual interest rate. For example, with an annual interest rate of 8%, the investment doubles every nine years.



3 Pay Yourself

As you've already learned in the prior Workbook, it works best to pay toward your future first. Regardless of the amount you've committed to invest, make a habit of investing in your future first. Your consistent, focused action yields high returns.



On your journey to Financial Freedom—avoiding the temptations and detours along the way—you'll find the most rewarding step is to write a check to your Investment Account first... even before you pay bills. You'll be traveling the road to Financial Freedom in a souped up racecar designed to finish in a mere fraction of the time required by other poorer planned cars. Streamline the process, and have your investment or savings automatically transferred from your checking account to your investment account monthly, using automatic fund transfers or bank drafts.

Fixed and Regular

Investing a fixed amount of cash, at regular intervals, is a lot like the water left dripping on the sandstone. The strategy is called "dollar-cost averaging." It's a simple way to help reduce investment risk. Your dollars buy more value when the price of the investment is lower and less value when the price is higher. By investing regularly over a wide range of prices, your investment accumulates at a lower average cost per unit purchased than if you'd invested a large sum of money at one time maybe at a higher price.

Of course, dollar-cost-averaging doesn't protect against loss in a declining market. Therefore, it's more profitable to continue your investment for a longer time so possible changes in price will average out in your favor.

Go Long to Score Big

With investing, patience is an important virtue. Over the short term, financial markets rise and fall in response to many factors. Attempting to anticipate these market changes for quick gains is extremely risky. Most successful investors take the long-term approach when investing to reach their financial goals. The longer you hold your investment, the bigger you'll score.

"Happy are those who dream dreams and are willing to pay the price to make them come true."

~ Anonymous



Your Recipe For Successful Investments

"Whatever you can do or dream you can, begin it. Boldness has genius, power, and magic in it."
~ Johann von Goethe

1. Make only modest investments in personal assets that don't provide any return or capital increase.
2. Develop a solid insurance program.
3. Pick one or two areas of investment for a major return and stay within those areas during your investment lifetime.
4. Make all investments for the long term, but take a loss if the long-term situation changes.
5. Diversify your investments within your selected areas.
6. Study and work with others. Develop a sense of intuition about your chosen areas. Try to understand all the factors affecting your investments.



#4

Responsible Capitalist Investment Goal Sheet

You'll find this helpful goal sheet on page 46 of this Workbook. With it you'll make short-term and long-term goals for your investments. It's broken down in easy categories of: Personal Assets, Insurance, Real Estate, Your Own Business, Someone Else's Business, Money Market, and Tangibles.

Complete your Goal Sheet with your spouse and keep it in a safe place to refer to it often. Mark on your calendar the date of your one-year plan goal, reminding you to review how you're doing.



Now you're ready to make a commitment to yourself. Commit to complete your Goal Sheet, your saving and investment plans, and to live your plan every day.



YOUR COMMITMENT

—*Being a Responsible Capitalist*

The most valuable thing you can give yourself and others is your word. This commitment will affect how smoothly and quickly you achieve financial health. You'll need to complete your "Responsible Capitalist Investment Goal Sheet" as soon as possible. Please don't take more than 3 months or you're unlikely to get it done. Write your expected completion date in your calendar to remind you.

Please read, fill in the completion date, sign, and date it. Recognize and own this as your conscious choice.

I promise myself, to complete my goal sheet and continue to invest in my successful financial future by living my plan.

"The person who makes a success of living is the one who sees his goal steadily and aims for it unswervingly. That is dedication."

~ Cecil B. DeMille

Date Completed

Your signature

date signed

Signature*

date signed

** Others participating in this commitment are also welcome to sign.*

Congratulations on completing the training for your journey to Financial Fitness! You can do this.

Responsible Capitalist Investment Goal Sheet

INVESTMENTS	ONE-YEAR PLAN \$	FIVE-YEAR PLAN \$	LIFETIME PLAN \$
1. PERSONAL ASSETS			
Home			
Furnishings			
Automobiles			
Apparel			
Jewelry			
2. INSURANCE			
Life insurance			
Health insurance			
Liability insurance			
Disaster insurance			
Business insurance			
Self-insurance			
3. REAL ESTATE			
Raw land			
Farm land			
Rental housing			
Commercial Real Estate			
4. YOUR OWN BUSINESS			
Business #1			
Business #2			
5. SOMEONE ELSE'S BUSINESS			
Stocks			
Mutual Funds			
6. MONEY MARKET			
Bonds			
Notes			
Loans			
Annuities			
7. TANGIBLES			
Metals			
Diamonds			
Art objects			
Collectibles			
Others			

BE PREPARED FOR RETIREMENT TRENDS

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A THE IMPORTANCE OF PLANNING FOR RETIREMENT



What's the Big Mystery?

Retirement is no mystery, even though it may seem elusive or even out of reach. Since the beginning, eventually all men and women get to an age or a situation when they can no longer maintain their careers. Whether it was the 18th century carpenter who passed his business on to his children, or the 19th century farmer who faced a five-year drought and went bankrupt—careers can and do change without warning.

The twentieth century brought new possibilities to retirement. With the right planning and preparation you can retire from work, how and when you choose. Then enjoy the Golden Years of your life or maybe even write that Great American Novel you've always dreamed of.

Your American Dream

In this modern era, retirement is seen as the American Dream. You may look forward to a time when you no longer need to work. You may want to move away from the 9-to-5 grind, and follow your lifelong dreams. You can begin a fresh and vital phase, one filled with exciting possibilities.

With the financial resources available to us today, the quality of your retirement depends on one simple thing: Your Plan.

A good financial plan helps pave the road to your dreams.

"Retirement is wonderful if you have two essentials—much to live on and much to live for."

~ Anonymous

"We become what we behold. We shape our tools and then our tools shape us."

~ Marshall McLuhan

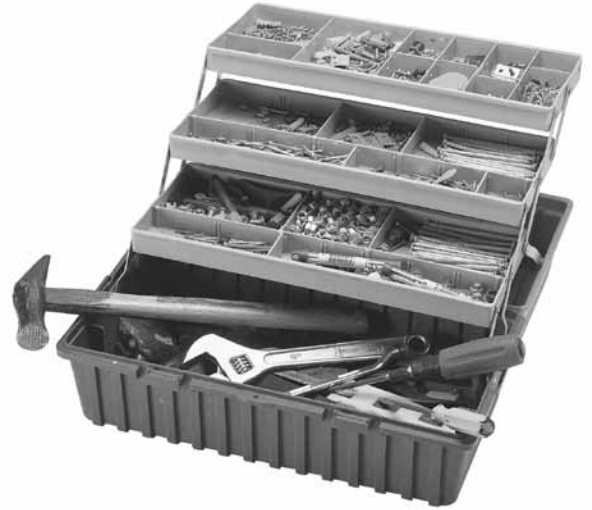


PLANNING— The Most Important Tool in your Toolbox

Everyone has his own goals for Retirement.

Do you want to:

- Pursue a new full-time career during your retirement?
- Continue working part-time?
- Perform volunteer work?
- Buy a motor home and travel the country?
- Be financially secure even with medical bills?



Obviously, this list could go on and on. Planning and preparation are the key tools you use to effectively face the challenges of retirement.

What Does Your Toolbox Look Like?

Imagine you could go into every garage in America, and open the toolboxes. No two would be alike. One has an antique set of socket wrenches, another has an electric drill. Everyone approaches the same job in a different way.

Likewise, there isn't one right set of plans to help you prepare for retirement. You're unique. No one else has your perspective, sensibilities, interests, or experience. Only you can fill your toolbox with the proper tools for the job. You must prepare yourself to retire.

Past, Present, and Future

Let's say Dave and Marie decided to retire at the same time. But like many Americans, maybe they didn't start thinking about retirement until they'd been married for decades. The kids are grown, and they both have things they've wanted to do for a long time.

It would be difficult for them if they hadn't worked together planning their finances and retirement. What if Marie only had a small savings account, and Dave hadn't set aside anything?

Working until further notice

Since their savings and Social Security wouldn't support them—let alone their dreams—Dave and Marie would have to continue working for several more years. Even if during the last few years they saved most of their money, it might be difficult to ever retire comfortably. Especially since they would've lost the benefit of putting the power of interest to work for them over many years. The moral of the story is... Start Planning Now!



Seize the Opportunity

Luckily for Dave and Marie, they learned to master their finances early enough to live out their dreams. They embraced the opportunity to get out of debt and put interest to work for them. At the age of 50, Marie started a small bakery, and sold pies and pastries part-time. Dave opened a guided fishing business, and consulted on the side when it was convenient for him. They had a great time traveling together and getting to know their grandkids.

Live Your Dreams

If you want a successful retirement, you've got to plan. In Workbook 1 you identified you and or your family's wants and needs, and then developed the plans to achieve them. You must do the same for your future retirement needs. As you gain new knowledge and experience, you must continually review and revise your plans.

As you make your plans, consider your past—learning from mistakes and taking notes. You'll come to know yourself better—in the present. You'll also come to know what kind of person you want to be in the future—during your retirement. Once you understand the "job" at hand, you can make smarter decisions in selecting your tools.

The First Step

As you begin to take charge of your future, your attitude toward retirement becomes more positive. This Workbook helps you to realize the most important issues in your planning. You'll evaluate your present lifestyle and your goals for the future.



"If there is only one goal for a woman or a man in retirement, it is having the freedom to make choices without having one's finances or health constrain those choices."

*~ Helen Dennis,
Andrus Gerontology Center*



If you're not alone ... Your retirement plans may affect other people in your life. Remember Dave and Marie worked together. The success of your retirement plan may depend on more than just you. If you're married, work together on decisions and plans that will affect both your lives. Then you can support and encourage each other along the way.

REMEMBER: When you have the right tools in your toolbox, and use them effectively, you'll have a greater opportunity for success and enjoyment.

B WHERE YOU ARE NOW— VERSUS WHERE YOU WANT TO BE



Change is Happening all Around Us

When someone said, “Change is the only thing that’s constant,” they were right! Change is everywhere. Picture what you felt like twenty years ago, compared to how you feel now. Have you changed? Look at the 1970’s price of gas compared to today’s gas prices. Change is everywhere. It’s a force of nature making the daylight and darkness, the planets spin, and your children grow up. Change is a major part of life.

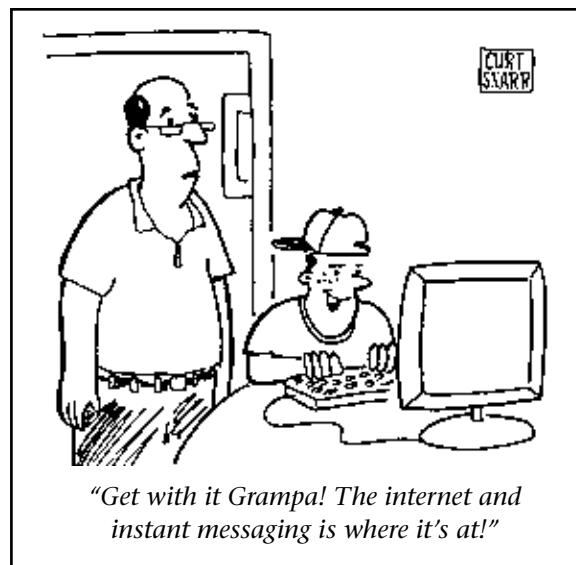
There’ll be changes even while you prepare for retirement. Inflation will go up and down. The cost of living, travel, and education will probably increase. You’ll be better prepared for the future if you keep change in mind when planning your retirement.

Will Change Affect Your Retirement?

The best time to understand how change will affect you as you plan and prepare for retirement is now—in the present!

Who are you now?

You already learned you’re unique. No one else shares your exact experiences, characteristics, memories, or dreams. Knowing yourself better helps you understand what types of changes might affect your plans for retirement.



“We live in a moment of history where change is so speeded up that we begin to see the present only when it is already disappearing.”

~ R.D. Laing



Getting to know you

To learn more about yourself, answer the following questions. Think about your likes and dislikes, skills and training, personal relationships, job, goals, and how you spend your leisure time. Write at least two insights per section and try to be as honest as possible with yourself.

I'm someone who...

Likes: _____

Dislikes: _____

Always wanted to: _____

Dreamed of: _____

Hopefully now you've got a clearer picture of who you are. It's a good beginning. Now you can look to your future and project who you'd like to be by retirement.

*"You never find yourself until you face the truth."
~ Pearl Bailey*



#2

Now who would you like to be? Imagine it's 10 or 20 years from now, or whenever you'll want to retire. Picture you've been retired for a short time, and you're being introduced to a group of other retired people. They want to know all about your interests, goals, hobbies, and how you spend your time. Think about your answers from the last exercise. What do you want to build on or change?

Who would you like to be?

Whatever you can dream of or wish for, you can prepare to become. We're all part of a changing world. With enough effort and planning you can be prepared.



You're Part of Global Change

The senior citizen age group is growing rapidly. By 2010, the over-65 age group reached 40 million people in the United States. You're part of this expanding community, and you need to consider the changes in the world since they can affect your retirement plans.

Spend some time thinking of the many roles you've already experienced in your life—roles in family, school, work, and community. Many new roles come with retirement. You'll need to learn how to incorporate your changing roles.



*"Change is not made
without inconvenience,
even from worse to better."*

~ Richard Hooker

Changing Roles

Your retirement can be a positive experience. Develop an optimistic attitude and make up your mind to be happy. Get involved with people who'll affect your retirement in a positive way. The following sections discuss the various people and situations that may affect your success and enjoyment in retirement.



Your Support Network

This is your family and the friends, neighbors, colleagues, clubs, and religious groups you're involved with. Each member of your support network adds something to your mental and emotional health—recognition, companionship, love, opportunities for service and being part of a team.

As you make your retirement plans, think about the individuals within your support network. Try to determine whose support may change or who may be lost entirely. For example, many people have close relationships and friendships with their co-workers. Will you enjoy life without your co-workers, or can someone else fill that role?



The Married Life

Marriages are always changing and evolving. Retirement can place unexpected strains on your marriage. You may suddenly find yourself spending more time with a partner who you hardly ever saw before. With communication and caring, your spouse can be your closest friend and most valued supporter.

For example, Marie may not bring Dave to her book club, and he might not take her fishing with him every trip—but they can pursue shared interests. The following

suggestions may help you plan for some possible changes retirement may bring:

- Plan your retirement together and be supportive of each other. Discuss finances openly and work together to agree on your retirement plan.
- Develop new activities and routines; learn to make spontaneous decisions. More freedom to do things brings some of retirement's greatest joys.
- Build friendships—help each other rediscover old friends and find new ones.
- Share roles by exchanging or dividing household chores. You can create new ways of thinking about your lives and understanding one another better.
- Respect each other's privacy. You each need a space or sanctuary for pursuing your own interests or hobbies—somewhere like a den, workshop, spare room, or sun porch.
- Above all communicate and listen openly to each other. Be thoughtful when addressing problems, or offering suggestions.

"There is no wilderness like a life without friends; friendship multiplies blessings and minimizes misfortunes; it is a unique remedy against adversity, and it soothes the soul."

~ Baltasar Gracian



The Single Life

For the majority of older people, being single is the result of divorce or the death of a spouse. And some people choose not to marry at all. The single-life presents its own special challenges in retirement and should be considered.

Loss of a Spouse

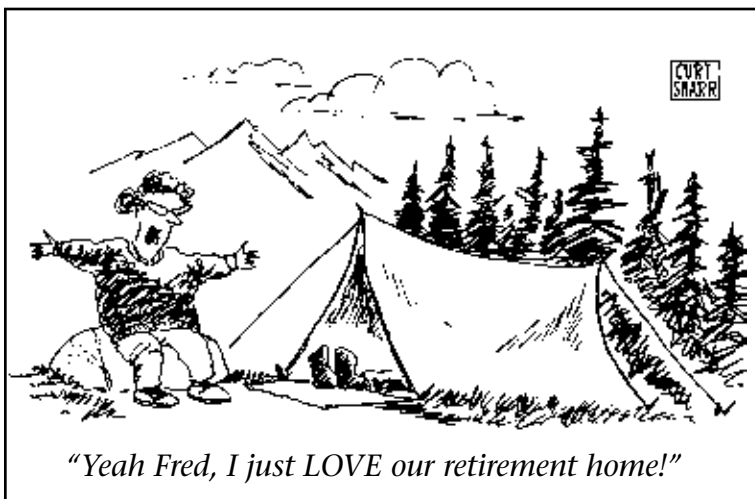
If you're married, retirement preparations should include the possibility one of you will most likely die before the other. Death or illness may be hard to discuss, but if you plan together in advance, it's comforting to know you've already made many of those difficult decisions together.



Plan Together

Take some time and discuss the changes you've read about so far. Be open and honest, remembering to listen. You may also wish to discuss these important issues:

- You each need to have your own personal will.
- Make a list of all your assets, their location, and how you want them distributed in the event of death (including property, bank accounts, stocks, bonds, valuables, heirlooms, family records etc.)
- Make a realistic estimate of income and expenses for each surviving spouse.
- Create a list of professional advisors who can help with decision-making and emergencies.
- Make a legal record of your medical wishes in the event you can't communicate.
- Research help groups for seniors in your community and support groups to help if needed.



Dealing with Unexpected Family Problems

Many people expect retirement to bring more freedom, privacy, and leisure. However, you may end up with new responsibilities affecting your freedom and finances.



Be Prepared

What if you need to care for an aging parent or help a younger sibling financially? You never know how family bonds may change your financial situation. This may have an impact on your retirement plans. Assuming new roles in the middle of retirement isn't unusual and needs to be considered.



Consider the following:

- Retirement plans need to include preparations for what you will do if unexpected circumstances arise, such as a less fortunate family member who needs your help.
- Think about relationships with your parents, siblings, and children. Could you help them financially? To what degree? Don't over-extend yourself.
- Be realistic and strengthen family ties. Then the burden of helping family members can be shared by all.
- Plan how you can balance your own needs with those of others within your family.

Always Think Young

You're only as young as you think you are. Retirement can provide you with many opportunities to interact with young children and teenagers. You may find your younger friends love to hear your stories or learn a new skill from you. And you certainly have stories to tell and skills to teach.

Youth is not a time of life—it is a state of mind."

~ Anonymous

Stay Active

Volunteering in schools, recreational activities, or assisting organized youth groups, helps you keep a young perspective during your retirement. Have you been hiking in the mountains lately? Often, you'll see groups of hikers ranging from twenty to 60+ years! Staying fit and active will keep your mind and body healthy and happy.

Thinking young and staying active may be your key to enjoying retirement!

C AM I READY TO RETIRE?

Someone once said you never actually retire, you just shift emphasis. You can make this shift gradually or all at once, it's up to you. Your circumstances tell you how and when you're ready. There are many choices available to you once you leave your life-long profession. Several myths are about when you should retire. You need to realize they truly are myths, and there is no true standard for everyone.



Retirement Myths

Myth No. 1: Hold on to your job as long as you can!

Retirement doesn't necessarily need to be delayed as long as possible. It is good to continue doing things that bring you fulfillment. Hastily giving up your job may be a mistake. Only you can decide when you're ready to move on to other opportunities.

Myth No. 2: Retire as soon as you can!

There was a book written on how to retire at age 41. It was a true account of a man who retired at 41... but in reality, he ended up returning to work. If you begin a lifestyle resembling retirement before you're ready, it can be a big mistake. Quitting your career too early may mean you'll miss out on the most

rewarding years of your working life. Retiring too soon may affect your feelings of worth and your financial stability. Only you know what's best for you.

Myth No. 3: Retire when you're fed up.

Sometimes a job gets to be too much for you. An unreasonable boss, an unfavorable working situation or long commute can make you want to quit. But it's better to wait until you're prepared and your plans are in place. Even consider a job or career change—many people have successfully made them in their 60's plus. Remember life isn't supposed to always be easy. It's wiser to stick it out or find a healthier solution, rather than quit before you're ready.



"What a myth never contains is the critical power to separate its truths from its errors."

~ Walter Lippmann





Myth No. 4: Out with the old... In with the new.

Retire and give the youngsters a chance? Don't be influenced by others who may want your job. If you enjoy your work, and feel you've something to offer, age doesn't matter. People retire from their late 40's to early 80's. Base your decision on personal needs, desires, and interests. It's the only way to make retirement work for you.



Are You Ready to Retire?

Take this test from AARP (American Association of Retired Persons) and find out. To make this as helpful as possible, respond honestly and accurately.

#3

If you retired now...

Check the one statement in each group that is the **most true** for you.

Finances

- 5 I don't haven't saved enough money to make it right now.
- 5 I've probably enough money to scrape by, but only without much inflation.
- 10 I can make it if I live and buy smart and cut back on extras.
- 15 I'm okay for a while at my present level of income.
- 25 I've enough money for most retirement situations.
- 50 Money is not a problem.

Health

- 5 My current work keeps me active, gives me exercise, and helps me watch my diet and personal habits.
- 5 I feel my work favors my health because it involves good exercise on a regular basis.
- 15 My work usually wears me out by the end of the day. If it weren't for weekends, I'd be completely burned out.
- 50 My work's a terrible strain. It drains my energy, keeps me on edge emotionally and physically, and also affects my sleep.

Relationships

- 5 I believe my personal relationships would suffer from the loss of my friends at work, and I think my spouse and I won't get along well when spending a lot of time together.
- 0 I don't have many friends outside of work; my social life would be greatly reduced.
- 10 I don't depend much on people I meet at work for socializing, and have a good group of friends and relatives who'll continue to give me a full social life.
- 25 Once I retire, I'll have even more time to devote to my many relationships.



#3

If you retired now... *(continued)*

Emotional Outlook

- 10 I'm not emotionally prepared to stop work. I wouldn't be able to make many of the necessary adjustments.
- 5 I doubt retirement is going to be very hard for me; I'm pretty flexible in my outlook.
- 15 I find the idea of retirement exciting and appealing.
- 30 I can hardly wait for retirement. There are so many things I want to do.

Housing

- 5 I would have to give up where I live now for something less desirable if I retired.
- 5 My retirement won't affect my housing arrangements much either way.
- 15 My expected retirement benefits will help me do a lot of work on the house I've put off, which will give me activities I enjoy and also increase my home's value.
- 20 I could move from my current home to a better suited one, giving my whole life a lift.

Work

- 15 I would miss my work terribly. There's so much more I want to achieve before I quit.
- 0 I can take my work or leave it.
- 15 I'm proud of my work record and feel I've achieved about all I want to there.
- 25 The day I leave the job will be one of the happiest days of my life.

Activities

- 10 I'll never find anything else to do I'll enjoy as much as I enjoy my job.
- 5 I enjoy my life on the job as much as anything I might do on the outside.
- 10 I like the idea of getting on to new things.
- 20 I've wanted to do many other things for a long time. When I retire, I'll finally have enough time to do them.

_____ **TOTAL** (Using value of your choices from ALL 7 areas.)

Testing The Water

To evaluate your score, you need to consider several factors affecting your retirement. Even though an action may seem independent, they're each part of the whole picture. You need to think about all the aspects of your situation.



Your Score

The categories are listed in order of importance in deciding if you're ready for retirement. The money factor is more important than health, and so forth. Now add up the subtotals for your total score, and use the following schedule to determine how ready you are for retirement. If you scored:

- **Over 100:** Chances are you're both realistically and mentally ready to consider retiring now. It's a good time to discuss it with all the people involved.
- **80-90:** Your decision is still up in the air. The advantages and disadvantages seem to balance each other. Maybe your own picture of retirement isn't exactly clear or you haven't put enough work into your retirement plan.
- **Below 80:** You're not ready for retirement just yet. Evaluate your positions and alternatives in each area. You need to make better preparations and adjustments to be able to face the challenges of a change in lifestyle right now.



Getting The Water Ready

Before you dive into a pool each summer, you want to know it's been properly cleaned and prepared. With planning and preparation everyone can get ready to retire when the time's right. Here are three suggestions to help you prepare and adjust so you'll be ready for retirement:

1. **Don't let them retire you.** When an individual feels they're being "forced" to do something, it's much harder. If you must leave a job, find another job that's fulfilling. Don't stop working until you're ready.
2. **If you choose to retire, regard it as the "ultimate promotion."** View it as a new phase of your career. Where you can earn greater satisfaction and rewards.
3. **Be excited by the opportunity.** Look at the positive aspects of retirement instead of focusing on the negative. The rewards can be endless if you've properly planned and prepared for your retirement.





D CREATE YOUR OWN RETIREMENT PLAN

1 Health and Fitness

Being healthy is an important part of any successful and fulfilling lifestyle. Keeping yourself mentally, emotionally, and physically fit, raises the odds for an enjoyable lifestyle—whatever your age.

Many health problems are the result of poor lifestyle choices: bad diet, smoking, lack of exercise, stressful living, and abuse of alcohol and drugs are some examples. Choosing a healthy lifestyle including good nutrition, exercise, rest, and a positive mental attitude can solve potential and existing health problems.

Where Do I Begin?



A good place to start is your Doctor's office. A good physical exam or checkup will give you a better view of how to begin your journey toward retirement.

Once you've checked with your doctor, you can look into fitness and wellness programs within your community. Various clinics, senior centers, the local Y, and other groups often have programs designed for people who want to live healthier. They often have specialists to help tailor a program just for you. You need to include the following areas in your plans for retirement:

Exercise and Retirement

Your body changes as you grow older. Not everyone can do cartwheels or hike up a mountain with the same ability as when he was twenty. But if you start slowly, you may be surprised at the physical conditioning you can achieve. An appropriate exercise program offers a variety of rewards:

- 1) Strengthen your heart and lungs
- 2) Increase your flexibility
- 3) Curb your appetite
- 4) Relieve stress and anxiety
- 5) Help you sleep better
- 6) Keep you mentally alert
- 7) Improve your appearance
- 8) Give you a sense of well being
- 9) Help protect you against illness

"With health, everything is a source of pleasure; without it, nothing else is enjoyable... Health is by far the most important element in human happiness."

~ Arthur Schopenhauer



Seek counsel about an acceptable exercise program, and make sure you address all your exercise needs. Then only participate in exercise suitable for your needs and abilities. It won't help to do more than you should.



Aerobic Exercise Best

You need to choose a vigorous and long enough exercise to get your heart rate up. For example: brisk walking, bicycling, swimming, and dancing could suit your needs very well. Beneficial exercise lasts at least 20-30 minutes and takes place at least three times a week. For best results, alternate the days you exercise.

"The best exercise is to exercise discretion at the dining table."

~ Anonymous

Make your exercises gradual and progressive. Work out with enough intensity to increase your pulse rate, draw perspiration, and make you breathe deeply. Each exercise period needs to include a 5 to 10 minute warm-up and also a cool-down period. Light calisthenics, stretching, jogging in place, and stationary bicycling are good warm-up and cool-down activities.

Describe how you feel about your present level of exercise. Also state any changes you may think will help you prepare to retire as healthy as you can.



#4

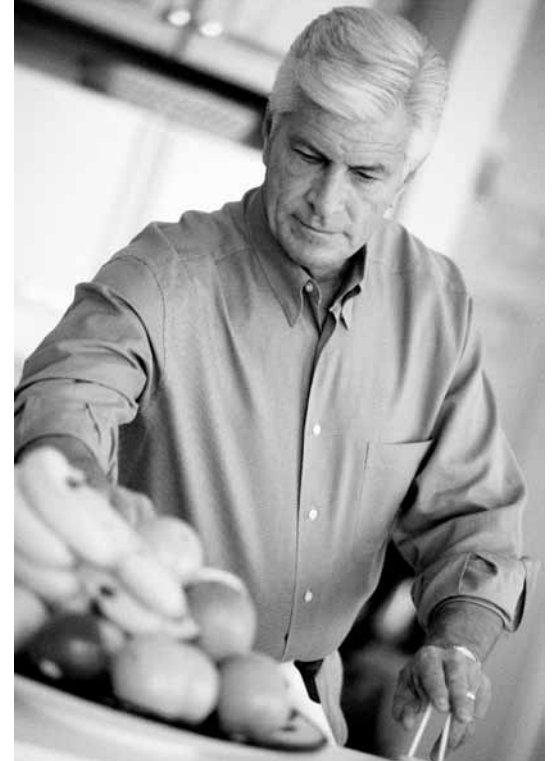
Nutrition and Your Retirement

The secret to good nutrition in retirement is to eat the same nutrients but fewer calories. Retirement meals designed with this in mind will serve you well. Seeking the advice of a nutrition professional is a fantastic way to improve your health.



The National Research Council recommends the following program:

- **Milk Group**—milk, cheese, and other dairy products. Two servings daily.
- **Protein Group**—poultry, seafood, eggs, meat, and protein alternatives such as beans, nuts, seeds, and grains. Two or more servings daily.
- **Bread Group**—whole-grain breads, cereals, and other grain products. Four or more servings daily.
- **Vegetable and Fruit Group**—all vegetables and fruits. Six or more servings daily.



"Tell me what you eat, and I will tell you what you are."

~ Anthelme Brillat-Savarin

It's always a good idea to cut down on certain substances in your diet, including fats, sugar, salt, and caffeine. A balanced diet also contains fiber and plenty of water.

Special conditions may require special diets.

For example, osteoporosis may afflict many postmenopausal women. It's preventable by consuming adequate amounts of calcium and by exercise. If you've a special condition, seek professional advice.

Alcohol consumption can affect nutrition. Moderate drinking may aid digestion, relieve stress, and stimulate the coronary arteries. But as you age, your body changes the way alcohol is metabolized. The amount of alcohol your body may have tolerated when you were younger could be a problem later in life. Alcohol contains no nutrients, and mixing it with certain medications can create serious problems. Everything in moderation is a good rule.

Keeping trim can become a challenge in later years. Weight often escalates when you don't exercise. If you need to lose weight, lose it slowly but steadily. Don't eliminate foods from the basic food groups—simply cut down on your portions. Curb your intake of alcohol and sweets. Most of all, follow your exercise program carefully and consistently.





#5

How do you feel about your current diet? What changes do you need to make to be healthier now and in retirement?



Stress and Retirement

Stress has become an everyday part of life. A globally connected world filled with amazing technology has some wonderful advantages, but it also can add a great deal of stress. It's more common to work from home, and be reached by email or cell phone, so there isn't any place to get a break. Stress can be very harmful to your mind, body, and spirit. Continual stress can lead to ulcers, hypertension, and heart attack or stroke.



Coping Strategies

It's important to understand stress, so you're better prepared to handle it. Here are some good coping strategies for successfully dealing with stress:

- **Recognize stress**—admit that you're experiencing it.
- **Identify the cause of stress**—it can come from some surprising sources.
- **Enjoy stress-relieving activities.** Realize you can't control every situation.
- **Exercise is a great stress reliever and easily available**—just go for a brisk walk.
- **Rest and getting enough sleep** is important for reducing stress.
- **Use relaxation techniques** for mind and body like yoga, music, reading or meditation.
- **Avoid self-medication** through alcohol and substance abuse.
- **Laughter is another great stress reliever**—especially when you laugh at yourself.



"Against the assault of laughter nothing can stand."

~ Mark Twain

As you've already learned about stress in Workbook 2, everyone experiences stress at sometime in his life. Review AARP's list of the most common causes of stress below. Then re-list them again in the order you think they would most affect you:



#6

Top-Ten Causes of Stress

1. Marital separation
2. Death of a close family member
3. Personal injury or illness
4. Marriage
5. Getting fired
6. Retirement
7. Marital reconciliation
8. Going to jail
9. Death of a spouse
10. Divorce

Your Top-Ten Causes of Stress:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Once you've reordered your top-ten sources of stress, circle the number of any ones you have actually experienced in the last 12 months. If you circled more than one of these causes of stress, you're most likely experiencing a higher than average level of stress. There are an endless variety of things that cause stress. You need to be aware of how much stress you're experiencing and take active steps to alleviate as much as possible.

You're in Charge of Your Health

You must take charge of your own health. Try joining a gym or a healthy cooking class. Your body and mental health are your responsibility. Recognize changes or early warning signs of potential health problems.

Be prepared when seeking medical help. Be ready to describe any symptoms, and provide all relevant background information and any medication you're taking. If you've doubts about treatment or procedures, speak up and/or get a second opinion—it's your life.

Inquire about any alternative treatments, side effects, or more clarification on any procedures. Always ask about the cost and level of insurance coverage. Bring any questions with you in writing so you won't forget, and insist they're answered clearly until you fully understand. Being prepared to handle different health issues is a major part of planning your retirement.

“Education should be a lifelong process... the foundation on which life’s structure may rest and rise.”

~ Robert H. Jackson



2 Time Management

Free time can be one of the greatest benefits of retirement. Spend and use your time wisely now to plan retirement costs. Some people may want to take a long cruise to the Bahamas but can’t really afford it. Retirement planning isn’t necessarily about having a lot of money, it’s about making sure your plans and goals are enriching—but won’t require all your savings!

There are as many different kinds of interests as people. Here are six areas you may want to learn about or expand on to enhance your life in retirement.

Six Suggestions...

1) Crafts and Hobbies

Crafts and hobbies cultivate our creative instincts. Working with crafts or hobbies often allows us to be involved on a creative project from start to finish. We can work on them alone or in groups. Creative activities may include: painting, sculpting, photography, carpentry, ceramics, quilting, scrap booking and more. You may want to create purely for recreation or even market your work. Other popular activities include reading, collecting, cooking, music, theater, gardening, writing, gathering family histories—to name only a few. Many people find creative activity very uplifting before and after retiring.

2) Continue Your Education

Learning is a life-long experience. New knowledge not only adds to your enrichment, but it allows you to understand an endless variety of ideas, places, interests, skills, events, and places. Many people haven’t had the opportunity to complete as much education as they would have liked. Retirement offers a wonderful opportunity to expand your knowledge and interests.



“No person will have occasion to complain of the want of time who never loses any. It is wonderful how much may be done if we are always doing.”

~ Thomas Jefferson

Adults are returning to the classroom in record numbers. Mature students are welcomed and encouraged in a variety of settings: after hours at public schools, colleges, universities, trade schools, libraries, museums, televised and internet classes, and various community centers. Educators love the diversity and added experience older students bring to the classroom.

“Live as if you will die tomorrow. Learn as if you will live forever.”

~ Buddhist saying

3) Travel

There are so many great places to see on this planet! Travel can be short or long, near or far—it really doesn’t matter—traveling brings great experiences. It takes you out of your normal surroundings and lets you interact with other people, places, and things. Travel can expand your interests. It’s even more enjoyable when combined with writing, photography, or historical research.

Seniors can often purchase discount travel packages. Group tours are good for those who prefer not to travel alone, and a fun way to meet new people or spend time with your family and friends.

4) Reflection

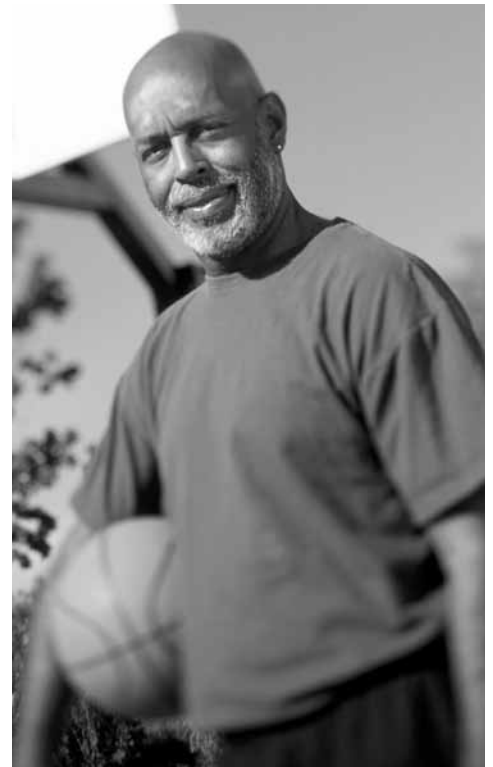
Take time to ponder your life while enjoying nature like watching the sunrise. There’s something spiritual in silence and contemplation. Life can be placed in perspective when you use your freedom to appreciate it and stop to “smell the roses.”

It’s important to keep growing personally, emotionally, and spiritually. Your retirement plans can include establishing the time and opportunity for contemplation.

5) Sports

You’ve learned about the benefits of health and fitness. Participating in various sports and athletic activities during retirement may be a great source of self-fulfillment.

This can include coaching sports and sharing your knowledge and skills with younger people. There is a huge variety of sports to join, like group walking, hiking clubs, aerobics, aqua-aerobics, golf, tennis, bowling, swimming, and ballroom dancing are just a few excellent examples.





6) Volunteering

Volunteering in your community may help you make the adjustment from your busy work schedule to your newfound freedom in retirement. Many communities have volunteer centers, and with a little research, you can find a variety of opportunities to volunteer. Many wonderful programs rely heavily on volunteers: hospitals, public schools, museums, libraries, charities, etc.

Expand on your current interests or explore new ones. Consider your experience and ways to apply it to the needs of your community. You can make an invaluable contribution even in only a few hours a day or week.

Volunteering is mutually beneficial. You contribute your talent and skills, and continue to grow as a person—while others benefit from your efforts too.

"Start now to do more of those things you dream of doing later. Retire before you retire."

~ Allan Fromme

The increased freedom retirement offers may give you an opportunity to realize your life-long dreams. The way you use your time will greatly affect your state of mind and contentment. Plan now so you can optimize your retirement experience and make it the most fulfilling time of your life.

Below are the six areas you've considered in enhancing your leisure time in retirement. Now consider your level of interest or importance in each area and note them in order, 1 being greatest interest to 6 being lowest.



#7

- Crafts and Hobbies
- Continue Your Education
- Travel
- Reflection
- Sports
- Volunteering

No one wants to spend all his time in leisure. So let's consider how you may want to spend your non-leisure time in retirement.



3 Work Options

There are many options to use during retirement to fulfill your need for activity, making a contribution, or earning money. You may want to continue working at your life-long occupation after retirement age—and maybe reduce your hours. Or you may decide to re-enter the workforce after being retired for a while.



*"Sweet is the fruit of
Labor."*

~ John Clarke

Many people use retirement as a time to launch a business of their own. There are many choices available to you, maybe even more than you realize. For most retirees the question of work is probably best answered by working part-time, whether at their former job or a new one. Here are some possibilities:

- **Part-time**—Work when it's more convenient.
- **Flextime**—Arrange your schedule to suit your own needs.
- **Seasonal**—Just work seasonally, for your needs or the seasonal job.
- **Phased retirement**—Withdraw gradually from your current employment or the workforce.
- **Job Sharing**—2 people split hours, responsibilities, and benefits of one full-time job. You get flexibility and the employer gets twice the experience.
- **Temporary**—Work through a Temp Agency to provide immediate but temporary help. It allows you to develop skills and contacts for future jobs.



Getting Full Or Part-time Work During Retirement

As you retire from your job, one of the key decisions you make may be whether or not you want to continue working, either full or part-time. Once you try something, you can always change your mind.



Harry was pretty nervous the night before his first interview since his retirement. "Harry, you'd be perfect as a part-time creative writer," Melissa said. At 60 years old, retired from a career in construction management, Harry was looking for part-time work.

He realized he had no reason to be nervous. He'd prepared well for his retirement, and he and his wife could live comfortably for the rest of their lives. But Harry always loved to write, and thought this writing job might be fun, and a source of extra income.

He was confident and relaxed during the interview, and convinced the company he would be a great asset. After all, he had a lifetime of experience to draw on; it was a "win-win" situation.

What Do You Have to Offer?

As part of your planning for retirement, it's a good idea to take a look at yourself and review what you do have to offer. You may have to sell a prospective employer on the idea that retirees are healthier, more active, and have a longer life expectancy than ever before.



#8

List your strengths and skills. Describe why an employer would want to hire you. Use the Notes at the end of the workbook if you need more space.



Take Your Life in Your Own Hands

Once you've made the decision to work during your retirement, you need to approach that work as skillfully as possible. An employment agency or community service group can also be helpful, but much of what you'll accomplish will come from your own efforts and creativity. The following suggestions will give you an outline of steps you could take to accomplish the task:

Size Yourself Up—Look at yourself honestly. What are your strong points, weak areas, assets, and liabilities? If you were the employer considering a retiree as a prospective employee, what would you see?

Define Your Goals—You've learned the value of goal setting in earlier Workbooks. The Cheshire Cat told Alice in *Through the Looking Glass*, "If you don't know where you're going, it doesn't matter how you get there."

Size Up the Job Market—Take a good look and evaluate the job market you're interested in. Talk to former co-workers, supervisors, and employers. Establish connections through relatives, acquaintances, and friends. Use the resources of religious, community, and service organizations. Read professional and trade publications. Consult the Chamber of Commerce and the business section of the newspaper.



Network and Market Yourself

Often the best jobs are found by word of mouth. As you make new friends you can share contacts and opportunities with them.

There are two important parts of the interview process. First, you must get an interview and rehearse interviewing with a friend or family member. Prepare yourself by doing some research about the company and their products. Next comes the job of marketing yourself. Your goal is to make your valuable qualities clear to your potential employer.



Think about your answers, body language, and overall appearance. Display an energetic, interested image and personality. Give the potential employer every reason to want to hire you: be on time, speak clearly, listen closely, and use good eye contact. Be sure to send a thank you note following the interview and state your interest in the position, and why you think you would be a good fit.

Closing the Deal Effectively

When the job offers roll in, be prepared to close the deal. Be prepared to suggest a pay range. This is your chance to tell them what you're worth. This means preparing to convince them you're worth the upper end of the pay range because of your skills, reliability, and experience.



Start Your Own Business

Instead of seeking employment, you may want to start your own business. The variety of businesses is endless. But, running your own business involves a lot of work. So instead of jumping into a situation you can't handle, consider the following:

- Do you have a good idea for a business? Does it fill a need in the marketplace and have a good chance of making money?
- Are you healthy enough to meet the considerable demands of running a business—even a small business?
- Starting a business can be very challenging in the first few years. Can you handle it?
- Often, it can take three to five years to move a business from start-up to profit. Do you have enough resources or financial support?
- Do you have enough business skills: bookkeeping, sales, inventory control, management, etc.? Would you do it alone, or will you need to hire employees?

"A wise man will make more opportunities than he finds."

~ Francis Bacon

If you decide to start your own business, there are some key things you should do:

- **Develop a good business plan.** Without one, you won't know where you want to go with your business or how you're going to get there.
- **Conduct research about your business idea.** Research the marketplace, marketing strategies, finance strategies, and so on.
- **Get good legal, tax, financial, and insurance advice.** Successful business people depend on professionals to advise or handle these kinds of concerns.



#9

If your retirement plans include starting your own business, take a moment to write down how you feel about the issues discussed in these sections, and the reasons you think you could be successful. It's hard enough to have a business fail, but in retirement it can wipe out the savings of a lifetime. Use the Notes section if you need more space.

With enough determination you can truly do anything! Still, it's healthy to take the time to write things down, make a business plan and be sure you're fully prepared.



4 Lifestyle and Housing

Think about what's important to you? Are you a social person? Do you live alone? Do you see yourself having big dinner parties, or Sunday picnics for the grandkids? What about caring for a big yard, or would you prefer living in a condo? Will your mortgage be paid off, and will you be able to afford the taxes, insurance, and maintenance?



You need to think about where you want to live during retirement, because this will affect your plans. How important will employment, educational, social, medical, and recreational opportunities be to you? For instance, during retirement it may be important to have medical facilities close at hand, as well as public transportation, shopping, and possibly family support nearby. Obviously, there are many things you need to consider when it comes to your housing and retirement.

Your Home is An Asset

If you own your home, you probably have some equity built up in it. Equity is your home's cash value minus any claims against it. If you choose to access this money, you need to decide on one of several equity conversion options:

- **Reverse Mortgage.** When your home is completely paid off, or when sufficient equity is present, the equity may be paid back to the owner in monthly payments. This is a loan, and the terms vary depending on interest rates, the amount you're borrowing against, and length of the loan. There are several ways to repay it, like when you sell it, or with life insurance when the homeowner dies.



"Better one's House be too little one day than too big all the Years after."

~ Thomas Fuller

- **Sale or Leaseback** . Also called "life tenancy arrangements." This is when the owner sells the property to an investor, retaining the right to live in the house as a renter. The investor pays the owner in monthly installments over an agreed-upon period and covers such obligations as home insurance, taxes, and repairs.
- **Deferred Payment Loan.** Such loans are usually provided to low-income people at a low interest rate by a local government. Homeowners defer payment of principal and interest until they die or the house is sold.
- **Homeowner Equity Accounts.** These loans allow you to borrow against a portion of the equity. This lets the owner set up a line of credit secured by a lien against the home. The owner can draw on this credit using a credit card or by writing a check.

The major drawback to using your home as collateral for a loan is you open the possibility of losing your home. Good legal, tax, and financial advice is very important so consult with a qualified financial advisor before making a move to sell property after your retirement.

What If You Want to Move?

If you decide you want to move, review your options the same way you examined your lifestyle. Some of the options available are:

1. Single-Family Home
2. Home within Adult or Retirement Community
3. Manufactured or Mobile Home
4. Condominium
5. Cooperative or shared Home or Apartment
6. Rent a Home, Apartment, or Condo
7. Lifetime Care Housing with room and board, recreation, and medical care.

Do Your Homework First

Consider all the aspects about housing and location before you move. Consult with experts and neighbors under similar circumstances. Spend a little time researching so you won't regret an uneducated decision. If married, you need to discuss plans for retirement housing, location, and lifestyle with your spouse. Two people may have differing ideas about where and how they want to live. A strong relationship includes compromise to meet both your needs.



5

Retirement Finances

Finances can change virtually every goal you make while planning your retirement. You may even be using this Workbook because you don't want to fail in retirement. You've taken an important step by educating yourself. Financial problems are always a challenge to overcome, but they can be even more challenging during retirement.

Your Income

For the most part, the rules you follow to maintain financial stability now, are the same ones you need to follow during retirement. The lessons you've learned during the previous Workbooks will help your ongoing journey toward financial fitness and freedom.



Throughout his career, Bruce had all his checks automatically deposited into the bank. His wife Diane gladly budgeted the money accordingly, because she knew just how much would be in the bank. Both Bruce and Diane were happy with this arrangement.

However, now that Bruce has retired, they'll need a new approach in planning the use of their various sources of income.

Please Note: Tax laws are always changing. You need to consult a qualified investment or tax consultant regarding terms of investment, how much you can invest, and conditions affecting your withdrawal. Your employer may also have rules affecting your pension. The following descriptions are offered only for informational purposes and are not to be considered investing or tax advice. You can find more information at the U.S. Department of Labor website.



Income Sources... Below are general outlines of some typical types of retirement plans. Keep in mind that tax-deferred contributions and earnings make up the best one-two punch in investing. Both the contributions and investment earnings grow tax-deferred until withdrawal. One or more of these plans may very well be the most likely sources of your retirement income:

Pension and Profit-sharing Plans

It's important to become familiar with your pension plan. You may even have more than one. Because it may be a major part of your retirement income, you need to know how it works. You don't want to take it for granted, or gamble with your financial security.

Self-Employed Pensions

Anyone with income from work can set up an Individual Retirement Account (IRA). If you're self-employed you can set up a do-it-yourself pension. There are several types of self-employment or personal retirement plans, and seemingly more each year. Your employer can even sponsor some. Review the following summaries to check your general knowledge. The more familiar you are with various retirement plan options, the better.

KEOGH PLAN: is a tax-deferred retirement plan designed to help the self-employed establish a retirement savings plan. There is more than one type of Keogh. You save money by reducing your taxable income by the amount you invest (depending on your gross income.) One of their advantages is they offer high levels of maximum tax-deferred contributions. Five basic types of IRAs (pending tax laws may even increase the number of plans):

1. **TRADITIONAL IRA:** You can contribute up to a minimum amount per year (as little as \$2,000 but increases by law) into an IRA. The amount of the contribution deductible on your income tax return depends on your Adjusted Gross Income (AGI) and whether you're covered under an employer sponsored qualified retirement plan. Thus, depending on your filing status (Single, Joint, etc), and your AGI, your contributions may range from fully deductible to totally non-deductible. So you need to get advice on whether or not this will be an advantage to you.
2. **EDUCATION IRA:** You can put away a varying amount up to a maximum per year into an education IRA, the money grows tax-free and has preferential tax treatment upon distribution to the beneficiary who uses it for authorized education expenses. These plans aren't as common because they're very restrictive on who can contribute to them, the amount of total contributions each year, and the limitations on what exact education expenses qualify. Your financial planner should be able to assist you in evaluating what savings plan you should use to prepare for higher education costs, and help you review the tax-sheltered savings plans now sponsored by the various states, even for benefits of non-state residents.

"Many college students can write home for money in four or five languages."

~ Anonymous



3. **SEP IRA:** Simplified Employee Pension: An employer established and funded IRA, where the employer can put up to a percentage of your compensation into a special IRA account. Sole proprietors may establish these plans for their own benefit. They’re sometimes used instead of Keogh retirement plans because they have fewer administrative and tax filing requirements.
4. **SIMPLE IRA:** It’s another employer sponsored and administered retirement plan. The attractive features of the plan include not only the ability for employers to establish and fund a retirement plan for themselves and their employees, but it also permits employees to contribute up to 100%, but no more than a maximum per year, into an IRA. Separate rules relative to required employer contributions and premature distributions apply.

5. **ROTH IRA:** Contributions are NOT deductible when the funds are contributed, but the Roth IRA earnings accumulate tax-free and remain tax-free upon distribution. When you’re retired and on a fixed income, you don’t have to worry about paying taxes on your withdrawals. To be eligible to contribute, your Adjusted Gross Income must be under \$110,000 for singles and \$173,000 for married couples, as of 2012. You can’t withdraw your funds within the first 5 years after the establishment of the Roth without a penalty. Given that, this 5-year testing period can successfully be addressed by proper tax planning. The funding of a Roth IRA account should be considered by every taxpayer who qualifies for it.
6. **401(k):** is a tax-deferred investment and savings plan that acts as a personal pension fund for employees. Usually made through payroll deductions and sometimes includes matching funds by your employer. Contributions are pre-tax, reducing your taxable salary. 401(k) plans are also portable. When you change jobs, you can roll over your account into another employer’s 401(k) plan or into an IRA. Most employers (over 80%) offer some type of company match—both as an incentive for employees to join the plan and as part of the overall benefits package. The employer contributions are a real attraction of the 401(k) account. If your employer matches your contribution at 50 cents on the dollar, you’ve made an instantaneous 50% return.



Advantages to Consider

These retirement plans can help you in four ways: (1) Part of the income you put into these plans may not be subject to tax; (2) Money you withdraw may not be subject to tax—Roth IRA; (3) Interest or dividends earned by money put into these plans may accumulate tax free during your working years; and (4) You may be in a lower tax bracket when you start drawing income from these plans.



Social Security

In 1950, social security represented 50% of retirement income for people in the U.S. In the twenty-first century, it represents less than 30% of retirement income and will be a declining share. The hard fact is retirees in the future will be able to depend less and less on social security as a source of money.

Social security benefits are available to you at age 62. If you retire before your full retirement age, you'll receive a smaller monthly benefit. If you continue to work after you begin to receive social security benefits, you'll lose some or all your benefits under certain conditions. If your income from various sources exceeds a certain amount during retirement, you may have to pay taxes on your benefits.

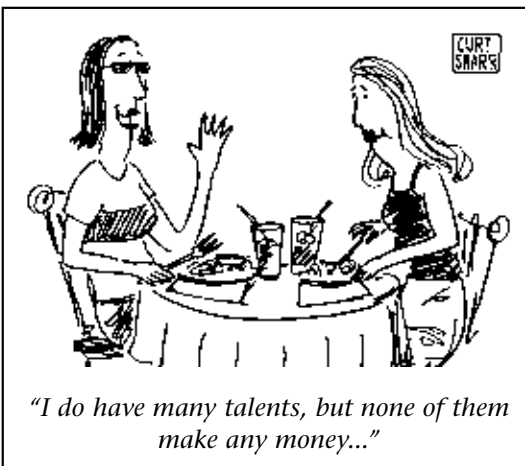
Your local social security office can explain how social security can work for you. Also, you may ask for a Statement of Earnings to see the social security earnings credited to your account to date. You should verify this record at least every three years.



Investments and Savings

Investment and saving are good methods of putting your money to work, to “earn” money for the future. The Federal Reserve Bank of New York offers the following advice on saving and investing. There are two basic methods: the first involves lending (making investments), and the second buying (creating asset equity):

1. Debt or Money Market—When you lend money you can typically expect to receive interest on it sometime in the future. The following are examples of putting your money to work in the “debt” or money market:



- **U.S. Treasury and Agency Securities:** These are investment securities or opportunities backed by various agencies of the U.S. government, including the U.S. Treasury. They include issues from such agencies like the Federal National Mortgage Association (FNM), Federal Home Loan Bank Board, Federal Land Banks, and U.S. Savings Bonds. They're considered to be highly safe investments.
- **Corporate Bonds:** These investment securities are offered by many companies and vary considerably in their quality and rates of earning returns. Such securities are graded according to their financial backing by bond-rating services—the highest rating being AAA and generally offering lower interest yields. The market price of corporate bonds fluctuates.

"Most people are too busy earning a living to make any money."

~ Anonymous

- **Municipal Securities:** These are tax-exempt bonds offered by municipalities and states. Usually they carry lower yields than taxable bonds. They're rated as to quality, much as with corporate bonds, and their value may fluctuate too. Such bonds provide little or no tax benefits to lower-tax-bracket investors, but may assist you if you're in a high tax bracket.
- **Savings Plans:** Such plans include savings accounts, certificates of deposit (CDs), money market accounts, and interest paying checking accounts.
- **Money Market Mutual Funds:** These funds are investor "pools" that invest in a variety of investments, such as those listed above. Most of these funds are not insured, and their yields can fluctuate daily. Many have "check-writing" privileges.
- **Annuities:** An Annuity is a contract sold by a financial institution or insurance company guaranteeing the buyer a fixed income from the contract for a certain period of time, often for life. Such investments provide a steady income and freedom from managing your investment capital.



2. Equity—The second way to put money to work is creating asset equity by buying something with value or equity. You hope to sell what you buy for more money than you paid for it. Also, what you buy may generate income—such as dividends from stocks or rental income from property. Here are examples of equity buying:

- **Stocks:** When you buy stock in a company, you're buying a piece or "share" of ownership in the company. Your equity value increases or decreases as the price of shares rise or fall—depending on the profitability of the company. Other factors may affect the price also.



- **Mutual Funds:** These funds allow you to diversify your stock investment. You're able to buy shares in a professionally managed fund, which invests in various kinds of securities. The funds are high, medium, or low-risk.
- **Own your own Real Estate:** You can invest on your own in real estate, or as a member of a syndicate or investment group. Any real estate venture involves risk; so it's wise to consult with experts at each stage of the investment process.
- **Commodities, Metals, Gems, and Collectibles.** These investments are very speculative and have the potential for great loss as well as gain. It's like placing a "bet" on the future value of your investment: things like pork bellies, corn, precious metals, and foreign currency. Your money earns no interest, dividends, or rent from such investments. And the return depends entirely on the value of the investment at the time of sale.



Evaluate each investment in terms of: (1) yield, (2) safety, (3) liquidity, (4) guarantees and insurance, (5) term of investment, and (6) inflation hedge—in other words, how the value of your investment will keep up with inflation. With all there is to know about investments and savings, it's a good idea to get professional help.

Your Spending Habits

Retirement planning depends on a careful analysis of how much money you'll have to spend. Here's a good example:

Sources of Income for Retired People:

Pensions, annuities, dividends, interest, rent, and gifts	49%
Social security	30%
Earnings from work	20%
Supplemental Security Income and public assistance	1%

Source: U.S. Census Bureau

Your current spending is a good projection of how you may spend after retirement. Don't forget to take inflation into account and make adjustments for it. Just as in Workbook 1, think of your expenses as either "Needs," or "Wants."

Needs: The essential items you need to live your life: food, clothing and shelter—the basics. These expenses also include necessary large expenses like medical care, transportation, funeral expenses, etc.

Wants: Optional items like a tour of Australia or that new Land Rover—do you really need it, or do you want it. You know the difference and either way it's all right as long as your retirement spending plan can handle it. Overextending yourself is one stress you don't want to deal with during retirement.

Major Retirement Expenses—Keep in mind several retirement expenses large and small you need to plan for.

Housing—What's your lifestyle?

As you learned earlier, many things can affect your retirement housing costs. It's important to have a clear picture of what you want your retirement housing lifestyle to be. You'll want to be comfortable where ever you call home.

Medical and Dental Expenses—How about Insurance?

There's no denying it: Age sometimes brings with it higher and more catastrophic health care costs. Some options are continuing with your employer or utilizing various health care plans available through the government, the American Association of Retired Persons (AARP), insurance companies, and facilities like Health Maintenance Organizations (HMO).



The U.S. government has been examining various health care reform options. If any programs are developed by legislation, options for your retirement could be drastically altered. You need to keep track of legislation and laws affecting your retirement.

Medicare covers about 40% of health care expenses for retired persons. Supplemental health coverage may be available to you during retirement through your employer's group health insurance or senior groups like AARP.

Other Types of Insurance

Even in retirement, you're going to need insurance protection for your automobile, home, and personal property, as well as good health insurance.

Transportation—How Are You Going to Get Around?

Should you use private or public transportation when you retire? There are benefits to both. Compare the cost and commitment involved with owning a private automobile to the cost and convenience of public transportation. You may not always be able to drive yourself.

Food, Clothing, and Personal Items

It's likely you'll be living on a fixed income during retirement. You'll need to be careful in your expenses for food, clothing, and personal items. You can use frugal practices like discount coupons, generic brand products, shopping sales, and buying in bulk.



Julie could smell a clearance rack from a mile away. She could make calculations at the speed of light, figuring out 15%, 30%, or 50% off of any price. She had an uncanny ability to stop at the right store, at the right time, with exactly the right coupons. The challenge to get the best possible deal was exhilarating and fun!

When her husband retired, Julie didn't have to make a major change in her spending habits, so the transition was easier. Their spending plan was a little tighter, but she had always spent carefully. She purchased the products she liked, but was smart enough to buy them at the best price she could find. A life of good financial habits pays off.

Travel, Entertainment, Hobbies

Special discounts are often available for “senior citizens.” As you plan for your retirement, become aware of things like “two-for-one,” “off-season,” and “early-bird” pricing to make the most of your money.



Gifts and Contributions

Think now about your future plans for gift giving. Birthdays and holidays may cause hardships for retirees with large extended families and friends. You can still give everyone thoughtful gifts, but maybe you'll just need to get a bit more creative. Giving of your time and yourself makes the most meaningful gifts i.e. stories you record on tape for a grandchild who lives away, or scrapbooks.

Other kinds of contributions, such as to charity or your church, may be part of your retirement plans. You may be able to devise ways to contribute time and personal service instead of giving money. Volunteer work is a very fulfilling way to contribute to a charity or cause, instead of money.

Family Assistance

You'll may always be Mom, Dad, Brother, Sister, Grandma, or Grandpa. You can include plans to aid a child, grandchild, or other family member in time of need or in an emergency.

But, be realistic with yourself. Maybe you can't buy all the presents you once did, or throw that big feast at Thanksgiving every year. That's okay, retirement is your time to slow down and enjoy living. The gift of time can be very valued and won't be such a hardship on your retirement funds.

Parental Care

Even after your own retirement, you may find you need to care for one or both of your parents, or your spouse's parents. Be prepared for these situations, because they can create huge financial problems.

Consult with your parents' doctors and other healthcare providers and make your decisions very carefully. Consider the other people who might help share the work and finances, like brothers and sisters and community support.



Average Retirement Spending

Here's a projection of how your retirement spending may be broken down:

How the "older" Urban Household Spends Its Money

Housing	31%
Food, Clothing, Personal Items	23%
Transportation	12%
Medical and Dental	9%
Travel, Entertainment, Hobbies	9%
Insurance	6%
Gifts and Contributions	5%
Other	5%

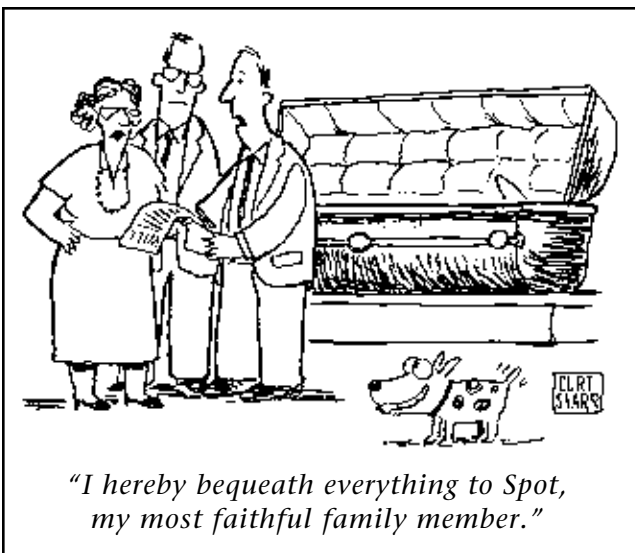
Source: U.S. Bureau of Labor Statistics



6 Estate Planning

Your "estate" consists of all your assets, plus anything you own—minus anything you owe someone else. When a person dies, his estate becomes a legal entity. Besides all net assets, an estate may also include instructions regarding the distribution of those assets, payment of debts, and resolution of personal matters. If you don't leave instructions regarding your wishes—the laws of your State will decide for you.

When your plans are made in the proper legal manner such as a Will, it gives you the opportunity to identify and make plans for all your assets in an unemotional and thoughtful manner.



"I hereby bequeath everything to Spot, my most faithful family member."

What's Estate Planning?

Planning your estate needs to include two main areas of preparation:

- 1) Identify your assets and establish conditions letting you use them during your retirement, or distribute them after your death in the most effective and cost-efficient way. This area of preparation requires you understand your present financial situation and your future needs and the needs of your heirs.

- 2) Establish a legal will with clear and binding instructions so your estate is distributed properly, and your other wishes are carried out. Writing a will may seem hard, but it's a necessary process to help define just what you want to accomplish now, during your retirement, and after your death.

One of the best things you can do is consult a professional about your unique personal situation in life.



Who Can Help You with Estate Planning?

The Team Approach is the best method of estate planning. Your team could consist of any or all of the following advisors:

Lawyer—Can prepare all the necessary documents and see they're properly signed, witnessed, and carried out.

Tax Accountant—Can help you identify your assets and minimize your estate tax liabilities by providing information on tax breaks after retirement.

Banker—Helps you with overall financial advice and in setting up trust arrangements.

Insurance Agent—Can help you with your life and health insurance, and your liability, homeowner, automobile, and personal property insurance needs.

Financial Planner—May be able to advise you on all aspects of your estate: taxes, investments, insurance, trusts, etc.

List the names, addresses, and phone numbers of everyone on your estate planning team:



#10

Lawyer _____
Tax Accountant _____
Banker _____
Insurance Agent(s) _____
Financial Planner _____

Now you can easily contact the members of your estate planning team and properly plan your estate.



Now make another important commitment to yourself. Make a commitment to complete your Spending Plan Worksheet and use your Spending Register. Live your Plan each day and reap the rewards of your planning and effort.

"Don't ever promise more than you can deliver, but always deliver more than you promise."

~ Miguel de Cervantes

YOUR COMMITMENT

—Preparing for Retirement Trends

Remember, the most valuable thing you can give yourself and others is your word. This commitment is vital to your peace of mind in retirement. Without planning, it will be very difficult for you to achieve your goals of financial fitness after you retire. You need to complete all the Exercises within 3 months, or you're not likely to finish them. Write your expected completion date in your calendar to remind you.

Please read, fill in the completion date, sign, and date it. Recognize and accept it as your conscious choice.

I promise to educate myself on Retirement Trends, and make the best plans and preparations I possibly can for my retirement.

Date I'll complete
this Commitment by

Your Signature

date signed

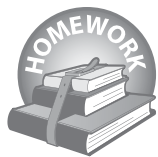
Date I'll complete
this Commitment by

Signature

date signed

** Others participating in this commitment are also welcome to sign.*

Congratulations on learning the key steps to planning your retirement. Once you become financially fit, it'll be easier to achieve your goal of financial freedom for the rest of your life.



Homework

The checklist will help you put together a clear reference of retirement and estate planning records. Couples need to fill out appropriate information for each person. It'll help your spouse, children, family, heirs, or anyone assisting with care, or estate resolution to deal with or dispose of your financial or personal matters.

Your Key Information:

1. Your Full legal name
2. Social Security number
3. Legal residence
4. Date and place of birth
5. Names and Addresses of spouse(s), children, and parents—(death certificates for those who are deceased)
6. Location of your Will or Trust
7. Location of birth, marriage divorce, and citizenship certificates—or the actual documents (or copies.)
8. List of employers and dates of employment
9. Education and military records
10. Requests and preferences for burial
11. Names and addresses of close friends, relatives, doctors, lawyers, and financial advisors
12. Religious affiliation and records
13. Memberships in various organizations
14. Sources of income and assets
15. Social Security and Medicare information, including medical wishes in the event you can't communicate
16. Investment income records
17. Insurance information on all policies, including life, health, and homeowners
18. All bank account information
19. Location of safe deposit boxes
20. Location of all real estate with records and deeds
21. Copies of your most recent income tax returns
22. Current liabilities
23. Mortgages and other debts
24. Credit card and charge account names and numbers
25. Property tax information
26. Location of jewelry or valuable family possessions

NOTE: Obviously, this list will have some of your most personal and important information on it. Please keep it in a safe place!



To download a digital copy of the forms, please visit:
www.accesseducation.org



"Working together for a brighter financial future"

For more information call:
 (877) 789-4172

