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Moving Ahead with a Plan: Retirement Ideas for Educators in Today's Economic Climate

“It’s important to develop an entire retirement plan, not just an investment strategy. Consider how you will build your nest egg, and also how you intend to spend it down within the limits and parameters of your desired lifestyle. This requires two separate thought processes and plans.”

Fred Orr, Pivotal Financial Advisors and FPA of Tampa Bay



University faculty have some specific issues that aren’t always addressed in generic financial planning for retirement, says Susan Brandley. She serves as pro-bono director for the advocacy and leadership organization Financial Planning Association® (FPA) of Tampa Bay and is a financial advisor with the Csenge Advisory Group in Clearwater.

Retirement may look different for educators in terms of income strategies as well as lifestyle goals. On top of that, current economic realities have many people rethinking their retirement options. Staying on top of the issues that affect a retirement plan can be daunting to even the most highly educated professional.

Time to Reassess

Savings and investments have taken a hit, leaving many people with less to work with as they look toward retirement. “In general, people are reassessing their retirement plans,” says Brandley. “While the markets have recovered to some extent, there are other troublesome things going on, and interest rates remain



low. That’s a problem for those relying on a fixed income portfolio. Those who are clinging to the old strategies of converting savings to fixed annuities and buying bonds are potentially going to run out of money in retirement.”

Steve Csenge, Csenge Advisory Group and also a member of FPA of Tampa Bay, agrees that it’s time to reassess retirement plans.

“Among the realities to consider are lower risk-free returns (CDs and money markets), higher interest rate risk (bonds) and a more volatile stock market,” Csenge says. “Those factors, combined with potentially lower cost of living adjustments, higher food and energy costs, can mean new strategies are needed to achieve retirement goals.”

Educators in particular are somewhat more fortunate,

observes Brandley. “Because academic salaries for tenured faculty tend to remain relatively predictable (at least compared with corporate salaries), that provides advantages in retirement planning.”

“Faculty typically have opportunities for generous defined benefit pension packages, along with the opportunity to save with deferred compensation and 403(b) plans,” Brandley notes. “The risk they run is that they don’t plan for growth in their expenses. So they need to do some asset allocation in growth assets to keep up with inflation.”

Consider Tax Issues

Tax planning is a consideration, too. Significant changes have been made to the tax laws that affect estate planning. “That might be important for faculty with assets in royalties from publications or intellectual property,” says Brandley. “Even individuals with otherwise modest estates may

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Retirement Plans: Include Lifestyle Goals, Not Just Finances

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not realize how significant those assets may be, and how to best protect their value.”

Include Passions in Plans

An entire retirement plan, not just a money strategy, is important. This is where your dreams and desires come into play.

Thoughtfully consider what your ideal retirement will look like. What will make it meaningful? How will you stay mentally stimulated and connected? What would you like your legacy to be?

It may be helpful to have these discussions with your family, a trusted friend or counselor before you meet

with a financial advisor to take the next step toward your retirement goals.

“Financial planners start with people’s goals,” says Brandley. “They will ask what you would like to do with your money, and also what you want to accomplish. Once they have a sense of the goals you want to pursue, they will work backwards to develop the investment strategy that will help you accomplish them. That might mean looking at transitioning to a second career, giving back to the community, or traveling.”

Examples of highly rewarding retirement activities are the surgeon who was able to turn his photography hobby into his full-time pas-

sion upon retirement; and a teacher who stayed connected to her field and students by joining the Semesters at Sea faculty.

Vet Your Planner

To help consumers seeking a qualified financial planner, the FPA website offers "Find a Planner" resources as well as suggested questions to ask when choosing a planner. Beyond education, experience, licenses and fee structure, a planner’s work philosophy and personality should be compatible with your own.

Your FAP is also a resource for referrals to financial planners and financial counselors.

“When it comes to retirement planning, the earlier issues are identified, the easier and less disruptive it is to make adjustments.”

Steve Csenge, Csenge Advisory Group and FPA of Tampa Bay



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Resources:

- Free Financial Planning Roadmap, calculators, retirement tips and other resources <http://www.fpanet.org/>
- Free Seminars: The Financial Planning Association of Tampa Bay holds seminars on retirement in conjunction with Pinellas and Hillsborough county extension offices, free and without any commercial advertising.
- Hillsborough County Extension <http://tampabay.saves.ifas.ufl.edu/>
- Pinellas County Extension <http://pinellas.ifas.ufl.edu/fcs/finance.shtml>
- Semester at Sea <http://www.semesteratsea.org/>
- Road Scholar <http://www.roadscholar.org>
- *Retirementology*SM: *Rethinking the American Dream in a New Economy*, by Gregory Salsburg, Ph.D. FT Press, an imprint of Pearson Education, Upper Saddle River, NJ (2010).

Social Media: Respecting Boundaries

Lack of judgment is not limited to teens sending embarrassing text messages and photos. Misuse of social media extends to high-profile individuals who manage to embarrass themselves and the organizations they represent, damage their reputations, and even sink their careers. It’s a reminder that all forms of electronic communication, regardless of how private they are meant to

be, should be considered public. Posts, tweets, photos, blogs and even emails can be shared by others and once in cyberspace, they have a life of their own.

Within the Privacy Act of HIPAA are overriding rules for all electronic health care transactions. Far less complex is the American Medical Association’s recently-issued policy on social media. The AMA’s *Professionalism in the Use of Social*

Media sets clear guidelines for all health care professionals. Among the considerations for social media use is that “physicians must recognize that actions online and content posted may negatively affect their reputations among patients and colleagues, may have consequences for their medical careers and can undermine public trust in the medical profession.”