

Index

- Actuarial tables, 49
- Adjustable life insurance, 124
- Adoption, 140
- Adult housing communities, *see* Retirement communities
- Adverse events
 - best-case scenario, 69–70
 - impact of, 35–37, 41
 - planning, 56–68
 - probabilities of, 45
 - response to, *see specific case illustrations*
 - risk management strategies, 122
 - types of, 55–56
 - windfalls, 68–69
- Aggressive investing, 10
- Aging parents
 - caregiving considerations, 101–102
 - financial responsibility for, 14, 28–29, 36–37, 41, 56, 64, 82, 136–137, 141–142, 160–164
 - living arrangements, 101
- Alternative scenarios, 46
- American dream, 25
- Amortization, 97, 104, 152
- Annuities, 15, 70, 127–128, 141–142, 168
- Apple, Dan and Christina
 - financial summary, 3, 6, 12, 147
 - investment portfolio, 21
 - second marriage case illustration, 145–147
 - as Silver-Medal Millionaires, 10–11
- Appraisals, 151–152
- Appreciation of property, 5, 7, 9–11, 37, 47, 90, 93, 134, 148, 150, 160
- Asset allocation, 37, 45
- Assisted care, cost of, 117
- Assisted living, 59–60
- Assisted living expenses, 56–57
- Assisted-living facilities
 - at-home care, 99–100
 - benefits of, 64–65, 99–100, 164
 - cost of, 56–57, 59–60
 - selection factors, 100–101
- At-home care, 99–100
- Audits, types of, 144, 162
- Baby boomers, 28, 42, 55, 68, 74, 76, 78, 81, 97, 101, 117, 123, 129, 136
- Balance sheet, 16, 37, 52, 161
- Bankruptcy, 124
- Beneficiary/beneficiaries, 128–129
- Benefit-rich jobs, 7
- Bequests, 129, 82
- Best-case scenarios, 43, 69–70
- Blackberry, Ken and Mary
 - financial overview, 4, 12, 161
 - as Gold-Medal Millionaires, 11–12
 - real estate investments, 90–92
 - second careers, 159–160
 - unemployment case illustration 17, 158–161
- Blackboard, Vivian
 - as Bronze-Medal Millionaire, 9
 - divorce case illustration, 139–140
 - financial overview, 3, 6, 12, 140
- Blue-chip stocks, 19
- Blue-collar jobs, 3, 5, 10
- Bond investments, 10, 19
- Boomerang children, 14
- Bronze-Medal Millionaires, 8–9
- Budgeting, 13–14, 21, 30, 38, 63, 102, 134, 142, 162
- Burn-out, 80
- Capital gains tax, 90, 107, 127, 149
- Career changes
 - case illustration, 132–138
 - impact of, 41, 74

184 Index

- Career planning
 - benefit-rich industries, 82–84
 - flexible careers, 84–86
 - growth industries, 78–82
 - guidelines for, 74–75
 - retirement age, 75–78
 - second career, 10, 74, 78, 84, 142–143, 150, 155–156
 - skills development, 80, 87
 - third careers, 161
- Career status, 37
- Caregiving, economic impact of, 28–29, 52–53, 56–57, 62, 64–66
- Catastrophic events, 34
- Catastrophic expenses, 63, 112
- Catastrophic insurance, 15
- Certificate of deposit (CD), 156
- Change management, 20–21
- Children
 - adoption of, 140
 - boomerang, 14
 - child care expenses, 134–135
 - child support, 48
 - cost of raising, 10
- Club sandwich effect/generation, 13, 28.
See also Sandwich generation
- Cohousing, 98
- College costs/expenses, savings strategies, 24, 29–30, 38, 41, 48, 52, 56–57, 66–67, 134, 136–137, 142, 164
- Community and living options, 97–99
- Compounding, 7, 20, 67
- Confidence, 39
- Consumer mentality, 30
- Continuing-care facilities, 100
- Continuing education, 87
- Cooperative housing, 98–99
- Cost mitigation, 15–16
- Cost of living, 39, 69, 145
- Custodial care costs, 119
- Customer services industry, employment opportunities, 80–81

- Death, of wage earner, 15
- Death benefits, 119, 124–125. *See also* Estate planning
- Debt level, 46, 48, 69
- Declining industries, 79
- Deferred annuities, 127
- Defined-benefit plans, 9–12, 24, 70, 82, 127, 141, 160, 168

- Dell, Adriana
 - as Bronze-Medal Millionaire, 9
 - financial overview, 4, 6, 12
 - reverse mortgage, 104–105
 - savings strategies, 20
 - secure retirement case illustration, 157–158
- Demographics, changes in, 28, 46
- Digital toolbox, 44
- Disability
 - financial impact of, 11–13, 15, 56–57, 62
 - insurance, 7, 121–122
 - Life profile example, *see* Moto, Peter and Betty
- Diversification, 7. *See also* Portfolio diversification
- Divorce
 - case illustration, 145–146
 - financial impact of, 35, 44, 48, 55, 57, 63–64
 - Life profile examples, *see* Apple, Dan and Christina; Blackboard, Vivian; Dell, Adriana
 - net worth loss, 13
- Downside risk, 16
- Downsizing, 10, 21, 61, 74, 92, 144, 150
- Duration of investment, 45
- Dynamic financial planning, 43–45, 70

- Earnings maximization, 132
- Economic security
 - components of, 9
 - influential factors, 16
- Education, *see* College costs/expenses
 - continuing, 87
 - in financial planning, 42–43
 - industry, employment opportunities, 79, 81, 83
 - online degrees, 87
 - virtual programs, 84–85
- Elder care, 64–65. *See also* Aging parents; Sandwich generation
- Electronic Medical Record System, 123
- Elimination period, 117
- Emergency fund, 14, 20
- Employee benefits, 83
- Employer-employee relationship, 35
- Employer-provided benefits, 7, 9, 19, 82–83
- Employment, *see* Career planning; Second career; Third career
 - benefit-rich jobs, 7. *See also* Employer-provided benefits
 - changes in, 11, 19, 45

- income, 7
- layoffs, 96
- opportunities, identification of, 74, 79
- Empty nesters, 25, 28
- Energy costs, 30
- Enron Corporation, 17, 159
- Entrepreneurs/entrepreneurship
 - characteristics of, 74, 84–85, 133–138, 161
 - Life profile example, *see* Newton, Marla and Bill
- Equity-indexed annuities, 127
- Equity investments, 19
- Estate planning, 45, 102–103, 128–129, 162
- Evaluation, in financial planning, 42
- Execution, in financial planning, 43, 51–53
- Expenses, financial impact of, 13–14. *See also specific types of expenses*
- Family expenses, unexpected, 56, 67
- Fannie Mae reverse mortgage, 105
- FHA reverse mortgage, 104–105
- Fifties decade
 - case illustrations, 145–153
 - characteristics of, 144
- Financial advisor
 - functions of, 38–39
 - Life Calculator as, 43–48
- Financial assets, types of, 5
- Financial counseling, benefits of, 63
- Financial data, types of, 47
- Financial decisions
 - college savings *vs.* retirement savings, 136–137
 - importance of, 147
 - rent *vs.* buy, 96–97
 - selling home, 95
- Financial goals, 134
- Financial independence, 1, 16
- Financial insecurity, sources of, 33
- Financial losses, 36
- Financial milestones, 36
- Financial planning
 - delayed, 20
 - importance of, 70
 - information resources, 16
 - responsibility for, 70
 - revisions to, 21
 - services, 43
 - three Es of, 42–43
- Financial profile, creation of, 51. *See also specific types of case illustrations*
- Financial security
 - benefits of, 41, 111
 - as goal, 152
 - influential factors, 35
- Fiscal checkup, 16
- 529 plans, 164
- Fixed annuities, 127
- Forecasting, dynamic, 52
- Foreign countries, relocation to, 105–107
- Forties decade
 - case illustrations, 132–143
 - characteristics of, 131–132
 - 401(k), 5, 11–12, 35, 42, 70, 78, 134, 160, 168
- Four Rules of Making Millions
 - Focus on Reducing Risk, 18–19
 - importance of, 8, 16–17
 - Make Time Your Ally, 19–20
 - Master Change, 20–21
 - Own Your Future, 17–18
- Full-time employment, 80, 113, 163
- Future goals, 17–18
- Gender differences
 - longevity, 26–27, 62–63, 76
 - socioeconomic status, 63
 - successful aging, 123
- Generation X, 55, 61, 123
- Gifts, 7
- Goal-setting, importance of, 7, 41, 47, 93, 111, 134, 140–141, 152
- Gold-Medal Millionaires, 11–12
- Growth industries, 39, 78–82
- Guiding principles, 51–53
- Head of household, 31
- Health benefits, employer-provided, 78
- Health care
 - costs/expenses, 13, 20, 24–25, 30, 34–36, 38, 41, 44, 48, 52, 70, 75, 112–113, 115
 - crisis, 36–37
 - employer-provided benefits, 34–35, 82
 - power of attorney, 129
 - uninsured, 48, 160
 - virtual checkups, 122
- Health industry, employment opportunities, 79, 81
- Health insurance
 - employer-related, 112, 115–116
 - importance of, 7, 58, 70
- Health Reimbursement Accounts, 115–116
- Health savings account, 17, 116

186 Index

- Hedge funds, 21
- High-growth industries, 79
- Highly-leveraged positions, 18
- Historical returns, 47, 94
- Home care, 117, 120
- Home equity, 148–149
- Home Equity Conversion Mortgage (FHA), 105
- Home office expenses, 78
- Home/residence
 - additions, 102
 - appreciation of, 90, 93–94, 97, 134, 148, 150, 160
 - as asset, 89–90
 - cashing out, 92–95
 - decision to sell, 95
 - purchase, 37, 140
 - sale of, 48, 144, 150
 - size of, 102
 - valuation, 11–12
- HomeKeeper Mortgage (Fannie Mae), 105
- Hospice care, 118
- Hospitality industry, 79–80
- Housing, *see* Home/residence
 - assisted-living facilities, *see* Assisted-living facilities
 - case illustration, 90–92
 - estate planning considerations, 102–103
 - industry downturn, 90, 95
 - investment alternatives, 90–92
 - living abroad, 105–107
 - overinvestment in, 92
 - ownership costs, types of, 96
 - relocation in U.S., 107–109
 - rentals, 95–97
 - retirement communities, 97–99
- Hudson Productivity Survey, 85
- Hyperinflation, 14, 68
- Income
 - growth, Life profile, *see* Razor, James and Nancy
 - reduction in, 21
 - significance of, 7
- Index annuities, 127
- Inflation, 39, 44, 46, 49, 56–57, 68–69, 112, 117, 132, 136
- Information resources, types of, 42–43, 50.
See also Internet; Life Calculator
- Information Revolution, 84
- Inheritance, 7, 36, 44, 69–71, 129, 158
- In-home care, 101–102
- Insight, 39
- Institutional care, 59–60
- Insurance, *see specific types of insurance*
 - importance of, 20
 - premiums, *see* Insurance premiums
 - types of, 7, 15
- Insurance premiums
 - disability, 121
 - health care, 111–112, 114, 116
 - impact of, 58
 - life insurance, 125
 - long-term care, 117
- Interest rates, 44, 67
- Internal Revenue Service (IRS), 106
- Internet
 - telecommuting, 80, 84–86, 89, 109
 - virtual health care, 123
- Investment decisions, timing of, 16
- Investment goals, 141, 152. *See also* Goal-setting
- Investment horizon, 111
- Investment options, 70
- Investment plan, 7
- Investment planning services, 43
- Investment returns, 39, 44, 46–47
- Investment style, 10
- Job, *see* Employment; Unemployment
 - changes, 44
 - loss, 41, 55, 57, 61
 - satisfaction, 132
 - transfer, 96
- Least severe adverse events, 57, 66–68
- Legal expenses, 67
- Leisure industry, 79–80
- Licensure, 75
- Life Calculator
 - applications of, 163–165
 - assisted living expenses, 65
 - Basic program, 44, 51
 - best-case scenario, 70
 - Career resource tab, 132
 - Deluxe program, 44, 51
 - divorce scenario, 63–64
 - economic/financial parameters, 70
 - employer-provided benefits, 82
 - as financial advisor, 43–48
 - financial planning, 42
 - getting started, 48–49
 - Growth Industries, 74–75
 - Housing Module, 91

- Investments tab, 93, 153
- Rent *vs.* Buy Model, 96–97
- risk/return analysis, 124
- simulations, 46
- software, 15–16
- typical savings, 15
- value of, 16
- LifeCalculator.Net, 1, 38, 43–44, 47, 49–51, 53, 153, 169
- Life-cycle
 - planning, 35, 43–47, 52, 144
 - stages, 69
- Life expectancy, 59, 63. *See also* Longevity
- Life insurance
 - benefits of, 123–124
 - cash-value policy, 119
 - importance of, 7, 15
 - market value, 126
 - permanent, 124–125
 - term, 125–126
- Life profiles, overview of, 1–5
- Life settlement agreement, 126
- Lifestyle
 - balanced, 152
 - changes in, 43–44, 61, 92, 124, 146
 - choices, 42
 - decisions, 89
 - influential factors, 23
 - million-dollar, 13
 - as retirees, 142
 - significance of, 13, 132, 139, 148, 162
- Liquid accounts, 67
- Liquid assets, 117
- Liquidity, 10
- Litigation, 18
- Living arrangements, 59
- Living within your means, 7
- Longevity
 - Exercise, 26
 - insurance, 126–128
 - significance of, 8, 14–15, 24–28, 56–57, 62–63, 66, 89, 122, 160, 168
- Long-term care insurance
 - coverage, 118–120
 - importance of, 7, 15, 37, 52, 60, 65–66, 70, 78, 116–117, 161, 164
 - premium, 117–118
 - selection factors, 118
 - types of policies, 119
 - waiting period, 117–118
- Long-term disability insurance, 121
- Long-term investments, 20
- Loss of property, 48
- Lotteries, 7
- Man-made disasters, 48
- Market(s)
 - downturns, 156
 - returns, 37
 - timing, 92–95
 - trends, 43
- Marriage, 48. *See also* Remarriage
- Medicaid, 101–102, 117
- Medical expenses, *see* Health care
 - elder care, 65–66
 - financial impact of, 62, 63
 - out-of-pocket, 59, 114, 116
- Medicare, 106, 114, 119–120, 164
- Mentoring, 39
- Mid-life couples, 28–29
- Middle age/mid-life
 - career changes in, 79
 - couples, 28–29
 - defined, 76
 - fifties decade, 144–153
 - forties decade, 131–143
- Middle class, 8, 24, 60–61
- Millionaire, defined, 5
- Money market accounts/funds, 67, 156
- Monte Carlo modeling, 36
- Mortgage loans, 38. *See also* Reverse mortgage
- Most severe impact adverse events, 56–62
- Moto, Peter and Betty
 - financial overview, 5–6, 12, 169
 - as Gold-Medal Millionaires, 11–12
 - health insurance case illustration, 113–114, 167–168
 - retirement planning case illustration, 168–169
 - volunteer service case illustration, 166–168
- Moving up (Home), 13
- Multifamily properties, 152–153
- Multigenerational caregiving, 25, 28–29
- Multimillionaire status, 6
- Municipal bonds, 96, 107
- Mutual funds, 10, 19
- Natural disasters, 48, 67
- Net asset value, 93
- Net growth industries, 79
- Net worth, components of, 5–6, 8–9, 15, 11–12

188 Index

- Newton, Marla and Bill
 - as Bronze-Medal Millionaires, 9
 - financial overview, 3, 6, 12, 138
 - job change case illustration, 19, 132–138
- Nonbudgeted/nonbudgeting items, 15
- “Number,” 36–38, 69–70
- Nursing care facilities, 59–60
- Nursing homes
 - expenses, 56
 - insurance coverage, *see* Long-term care insurance
 - need for, 15, 64, 99, 101
- Offshoring, economic impact of,
 - 12–13, 74
- Old age, defined, 51
- Optimum future, identification of, 49
- Outsourcing, impact of, 147–150
- Palm, Jack and Cindy
 - financial overview of, 4, 6, 12, 150
 - as Gold-Medal Millionaires, 11–12
 - unemployment case illustration, 21, 147–150
- Partnership for Long-Term Care program, 120
- Part-time employment, 80, 86
- Pension(s),
 - audit, 144
 - benefits, 32–34
 - defined-benefit, *see* Defined-benefit plans
 - employer-provided, 10, 19, 24–25
 - reduction in, 36
 - underfunded, 13, 24, 41, 44, 47, 56–57, 60–61
- Pension Benefit Guaranty Corporation (PBGC), 39
- Personal property, 63
- Personal savings, 20, 24
- Personal wealth, 7, 16–17, 95, 99, 111
- Portfolio
 - construction, 67–68
 - diversification, 10, 19, 148–149
 - evaluation, 46
- Postretirement costs, 14
- Poverty, 63
- Power of attorney, 53, 65, 129
- Present value, 11–12
- Priorities, changes in, 46
- Privatization, 32
- Probability analysis, 37
- Professional positions, employment opportunities, 79, 81
- Property insurance, 153
- Property taxes, 108
- Property value, 10
- Public-sector jobs, 10
- Public services industry, employment opportunities, 80–81
- Qualified personal resident trust (QPRT), 103
- Quality of life, 34
- Razor, James and Nancy
 - financial overview, 3, 12, 143,
 - retirement security case illustration, 140–143
 - as Silver-Medal Millionaires, 10–11
- Real estate cycle, 93, 156
- Real estate investment, *see* Home/residence; Housing alternatives, 90–92
 - appreciation in, 9–10
 - benefits of, 7, 10, 18, 152
 - in foreign countries, 106–107
 - Life profile example, *see* Router, Eric research, 43
- Real estate investment trust (REIT), 19, 133, 135
- Reinvestment, 69
- Relocation
 - financial impact of, 48, 150, 166–167
 - to foreign countries, 106–107
 - in U.S. 107–109
- Remarriage
 - financial impact of, 8, 63
 - Life profile example, *see* Apple, Dan and Christina
- Rentals, 95–97
- Residential housing, *see* Housing
- Respite care, 118
- Retirement
 - age, 10, 37, 47, 49, 62, 75–78, 89, 160
 - assets, 5
 - deferred/delayed, 20–21, 65, 73–75, 78, 138, 158, 165
 - early, 77
 - employer-provided plans, 33, 42
 - fully funded, 71
 - goals, 47, 93
 - health insurance considerations, 113–116

- phased, 76
- planning strategies, *see* Retirement planning
- savings, *see* Retirement savings
- schedule, 25
- second careers, 10, 74, 78, 84, 142–143, 155–156
- security, 31, 35. *See also* Razor, James and Nancy
 - traditional, 35
- Retirement communities, 97–99
- Retirement planning
 - goals/goal-setting, 47, 93
 - importance of, 20, 25
 - Life profile example, *see* Trio, Hank and Trudy
- Retirement savings
 - amount of, 137–138
 - gaps, 37, 39
 - importance of, 15, 19–20, 136–137
- Return of premium (ROP), term life insurance, 125–126
- Reverse mortgage, 48, 53, 65, 102–105, 137, 162
- Risk analysis, 67
- Risk exposure, 47
- Risk management
 - examples of, 18–19
 - importance of, 7, 18–19, 67, 152–153
 - Life Calculator exercise, 19
- Risk tolerance, 45, 47, 52, 111
- Roth IRA, 70
- Router, Eric
 - financial overview, 4, 6, 12, 152–153
 - as Silver-Medal Millionaire, 10–11
 - unfunded healthcare case illustration, 18, 150–153
- Salaries, increase in, 20
- Sandwich generation, 64, 136
- Savings, *see* Personal savings; Retirement savings
 - accounts, depletion of, 64, 150, 165
 - employer-matched plans, 7, 9, 13, 20, 80, 136, 168
 - gap, 16
 - goals, 7, 42
 - importance of, 148
 - rate, 25, 29–32, 48, 132
 - recommended amount of, 67
- Second career, 10, 74, 79, 84, 142–143, 150, 155–156
- Security, sources of, 16. *See also* Financial security; Retirement, security
- Self-employment, 85
- Self-insurance, 115–116
- Seminars, 50
- Sensitivity analysis, 43
- Seventies decade
 - characteristics of, 162
 - delayed retirement case illustration, 162–166
 - secure retirement case illustration, 157–158
 - volunteer service, 166–169
- Severe impact adverse events, 57, 62–66
- Silent generation, 25
- Silver-Medal Millionaires, 9–11
- Single parents, Life profile example, *see* Dell, Adriana
- Sixties decade
 - characteristics of, 155–156
 - relocation case illustration, 158–161
- Smart advice financial engines, 44–45
- Social Security
 - benefits, 25–26, 32–34, 39, 77, 136, 143, 160, 165
 - Disability Insurance (SSDI), 122
 - historical perspectives, 76
 - stability of, 24
 - survivorship benefits, 124
- Spending habits, 16, 21
- Spreadsheet applications, 50
- State taxes, 107–109, 128–129, 161
- Stock investments, 10, 19
- Stock options, 11–12
- Stress-test investment income, 37
- Successful aging, characteristics
 - of, 123
- Successful millionaires, characteristics
 - of, 16
- Surviving spouse, 125
- Taxation issues, 39, 63, 90, 96, 103, 106–107, 114–115, 127–129, 149, 161. *See also* Capital gains tax; State taxes
- Tax brackets, 127
- Technology industry, employment
 - opportunities, 80–81
- Telecommuting/teleworking, 80, 84–86, 89, 109
- Terminal illness, 126
- Third careers, 161

190 Index

- Threats to millionaire status
 - adverse events, 36
 - life cycle, 24–35
 - “number,” 36–38, 69–70
 - types of, 23–24, 36
- Time frame, significance of, 19–20.
 - See also* Investment horizon; Market timing
- Trades, employment opportunities, 79, 81–82
- Travel, 65, 105, 141
- Treasury inflation-protected securities (TIPS), 96, 156
- Trio, Hank and Trudy
 - as Bronze-Medal Millionaires, 8–9
 - delayed retirement case illustration, 120, 162–166
 - employment of, 17–18
 - financial overview, 4–6, 12, 166
- Trust funds, 7
- Unemployment
 - case illustration, 149–150
 - impact of, 21, 37, 41, 48, 61
 - Life profile examples, *see* Blackberry, Ken and Mary; Palm, Jack and Cindy
- Uninsured healthcare, 7, 13, 15, 35, 56–58, 113
- Vacation home, 13
- Variable annuities, 127
- Variable life insurance, 125
- Virtual retirement communities, 99
- Volatile investments, 14
- Volatility, 37, 44, 46, 56–57, 67–68
- Volunteer service, 156, 162, 166–169
- Wealth, *see* Personal wealth
 - accumulation, 6, 30
 - appreciation, 11
- Web sites, as information resource, 43–44.
 - See also* LifeCalculator.Net
- What-if scenarios, 17, 37, 46
- Whole life insurance, 124
- Windfalls, 7, 20, 68–69
- Work commitment, 51
- Worker’s compensation, 122
- Worst-case scenario, 52, 162