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Chicago Tribune Gail MarksJarvis column: Wall Street's shivers rattle soon-to-be retirees

Sep. 29--Gila Goodman is semi-retired and has been using chocolates to get herself through her panic over the stock market.

"My money has to last my lifetime," she said. "That's why I've been freaking out."

During the harrowing week that ended in the federal government's historic plan to bail out the financial system, she sat glued to CNBC in her Chicago home day and night, popping chocolates. As she telephoned friends for comfort, they were also in front of the TV.

A friend, who is a securities trader, also "was freaking," Goodman said. Another, who is a doctor's wife, was doing the same. Another called at 3 a.m., unable to sleep.

"No one talks about anything but finances," she said.

For people already retired, the stakes connected with the greatest financial shock since the Great Depression are enormous. For Baby Boomers planning to retire soon, the reality is setting in that retirement might end up looking very different than they once imagined.

Pam Morales of Naperville is one of the people trying to realign expectations. At 53, she left her job as an executive assistant in February and thought she'd take some time to figure out her next move.

"I looked at it as detoxifying my head," she said. "The job was eating me alive."

But she hasn't moved into another job yet, and the stock market isn't helping her build up her meager retirement savings.

"I'm scared to death," she said. Although she's willing to work to 70, she wonders whether her savings will be adequate to give her a comfortable life.

It's a question financial planners are being asked more often by nervous clients.

"They want to know if they have to work to 100," said Francine Duke, a Vernon Hills financial planner. She and some financial planners are trying to calm people by getting them to think about what they truly want in life, not just a money goal.

Typically, the financial-planning process focuses mostly on money. Advisers figure out how a person is living, and wants to live, materially and then calculates the money needed to save. To get to the goal, they assume investments will average certain returns, perhaps 7 percent for a diversified portfolio of stocks and bonds.

Now, the stock market is down sharply, and some analysts expect weakness to remain for some time as the economy heals, perhaps providing returns far below the typical assumptions.

As government officials refer to an "unprecedented" environment, neither planners nor clients know what to expect; some planners are asking clients to examine what they want in life beyond money.

George Kinder, a financial planner who trains financial planners and wrote "The Seven Stages of Money Maturity," said that such evaluation should be a part of planning regardless of market conditions. But these days, he said, it could take on greater significance for people close to retirement who have inadequate savings.

At a recent seminar for financial planners, he said advisers and their clients have retirement planning backward when they simply try to calculate monetarily what a person will need. The size of the nest egg, he said, should depend on goals that are not necessarily money-oriented.

What might give a person tremendous fulfillment in retirement might be to write a book or to work on a community project, neither of which has a price tag attached.

For people looking at deficient nest eggs, Kinder suggests they ask themselves three questions. [See related article above.]

As Kinder had financial planners ask themselves the questions at the seminar, most realized that their goals came down primarily to relationships: repairing some, spending more time in some, simply enjoying others.

"Once you know this, plans fall into place," Kinder said.

For example, a person who didn't save enough for retirement might be able to move into their adult child's home and provide day care for grandchildren.

That doesn't mean to jump immediately to low-cost assumptions about retirement living. It's best to try to maximize savings, especially those essential to putting a roof over your head.

The ballpark calculator at www.choosetosave.org can give you a quick look at whether you are on target with your retirement nest egg and how much you should save if you're falling short.

If you are behind, you can try to catch up by saving more or delaying retirement. A person close to 65 could delay retirement and save up to $20,500 a year in a company 401(k) or $6,000 in an IRA under the rules. Over five years, that could beef up a nest egg substantially.

Of course, delaying retirement might seem like a punishment if people feel like they are suffering because of the damage done to them by Wall Street.

But Maria Malayter, director of the Center for Positive Aging at National-Louis University in Lisle, said people often can find new jobs or part-time jobs that make it feel like they have entered a new, enjoyable phase of life without retiring.

Malayter said people unsure of options often can receive free counseling through community colleges.

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