

New Year's Retirement Travel Resolutions

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Now that the holiday season is over, people are left with their New Year's resolutions. However, I challenge you to consider making some New Year's resolutions regarding your travel dreams in retirement.

Enjoy those bucket list items now, while you are healthy enough to walk easily. For many, this means extensive travel, which you never had the time for while working. You can afford it by doing two things: increasing spendable income and decreasing travel expenses.

In today's virtually zero bank interest world, increasing income can be a huge challenge. Your choices are to either risk your life savings in the stock market, hoping for continual market appreciation of your stocks, or go into bonds.

Warning: bonds will be the next big crash. If interest rates increase from today's historical lows, bond values will decrease substantially. On June 17, 2013, "*Effect of Higher Rates on Fixed Income Portfolios*", was a warning by the well-known brokerage firm Oppenheimer. A three percent increase in interest rates will drop the value of a 30-year Treasury bond by 42 percent; a two percent increase will cause a 31 percent drop; and only a one percent increase will cause an 18 percent drop. If you sell that bond before maturity, you will take a big loss.

Instead, consider a private pension, where the funds are not at risk in the stock market.

These pensions are based on actuarial principles that offer a higher cash flow than most alternatives. If you are 70, deposit \$200,000, and wait 5 years to take income, it's often possible to get about \$17-18,000 of annual income, each year for the rest of your life. This can fund a lot of travel, particularly when you mix one big foreign trip with two U.S. trips each year.

About three years ago, I met a couple, age 80s, from New Jersey that had been educators in the public school system. They retired in their mid-50s and had taken two cruises each year for 30 years. They had only saved about \$80,000, but relied on generous publicly-funded teachers' pensions and Social Security to fund their extensive travel plans. They estimated that they had spent just under \$700,000 on these cruises, but that was their dream. They expected that their house would be the only thing the kids would inherit.

Here's an interesting strategy for single guys who want to take almost free cruises. The marketing studies in the cruise industry show that older, single women are a significant part of their clientele. These women are either divorced or widowed. One of the major reasons they like going on a cruise is that they have organized activities, including shore excursions that fill the day. At night, they like having a great served dinner, drinks, and entertainment after the dinner. The only thing missing is having no one to dance with. That's why affluent cruise lines have the *Gentlemen Host Program*, a placement agency operated through Compass Speakers and Entertainment, Inc. If you are unmarried, can carry a conversation, and are a decent dancer, your cruise trip is almost free. You host a dinner table of eight women and then rotate each dance with them. The cruise line rules also state: "No Hanky-Panky Allowed!" Remember, you are there to

dance and not to play the role of Richard Gere in the movie “American Gigolo”. However, after a long day in the sun, drinks and a big dinner, the dancing typically only lasts two hours or less.

Free Seminars: on many topics, including “How Women and Couples Can Increase Income and Reduce Taxes”, “Secrets of the Roth and Multi-Generational IRAs”, and “Lessons from Warren Buffett”, will occur during the next 3-6 months, at venues in Mesa, Surprise, Cave Creek, and Tempe. Click on www.drharoldwong.com for each month’s seminar schedule.

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