Making Do With Less is the 'New Retirement'

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Your investments **may not have gained** as much as anticipated. Uncertainty about the future tax impact could further cut into returns. Meanwhile, health care costs continue to rise.

Many Americans in their 50s and 60s are living for today, without thinking about the consequences.

A **survey released** this week by the Society of Actuaries found that more than two-thirds of pre-retirees, ages 50 to 64, said they could manage only a 1 percent to 5 percent increase in annual health care costs during retirement.

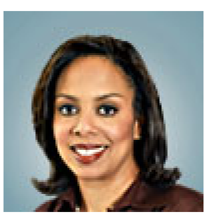
Yet, according to the **latest estimates** by the U.S. Department of Health and Human Services, heath care costs are expected to rise 6.3 percent annually, on average, until 2019.

Longer life expectancies, rising health care costs and dwindling investment portfolios could be devastating to the personal finances of pre-retirees, unless serious changes are made in retirement planning.

So where should you start? How do you make changes? Make do with less.

For John Robbins, 63, a former multi-millionaire from his self-made fortune as a best-selling author and natural lifestyle guru, living on less has become a necessity, after he lost nearly his entire net worth.

"What happened to us in losing so much money overnight is happening to a lot of people more slowly today," says Robbins, who describes his riches-to-rags story in **The New Good Life: Living Better Than Ever In An Age of Less**.



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"Whether you're wealthy or not, whatever your level of economic status, these are times of limits."

Robbins is the only son of co-founder Irvine Robbins of the ice cream chain **Baskin-Robbins**, now a subsidiary of the Dunkin' Brands. The younger Robbins walked away from that multibillion dollar business when he was in his 20s and made his own millions by writing books on healthy living.

Then Robbins lost his life savings in late 2008 to investment scam artist **Bernie Madoff**. Now he's using his own story to encourage other Baby Boomers to figure out how to learn to make do with less. He says "sufficiency" is becoming the new measure of success.

"We have been sold a concept of success that measures our self-worth by our net worth," says Robbins. "Certainly we need enough money to take care of our basic needs, that's a given. Beyond that, though, where is our true wealth? That's the question as you get older [that] you have to ask."

It's a question that certified financial planner Bonnie Hughes of **American Capital Planning** urges her clients to answer by ranking their retirement goals.

Once they've listed 10 goals, she says, often, "They may very well have to say 'Okay there are seven other things that we really care about, but not nearly as much as we care about these three things.' "

Hughes, who has offices in Reston, Va., and Miami, suggests attaching a dollar value and time frame to each goal—and, then, save at least 20 percent of take-home pay to be able to meet them.

"It just has to be higher than what people are used to thinking about," Hughes says. "If we can get them to focus more on their savings rate, they wouldn't be relying on their investment return."

To do that requires some serious belt-tightening, but it's likely going to be well worth it in the long run.

"The silver lining in the current economic turmoil is [that] it gives us a chance to re-examine and to genuinely find where our true wealth lies," Robbins says.

Financial goals may change, and that can be part of the "*new* good life."