

THREE *Smart* STRATEGIES FOR A

MIDLIFE MILLIONAIRE® LIFESTYLE

KATANA
ABBOTT



FOR 30 YEARS

I've helped women plan for a successful and fulfilling 2nd Act as a Midlife Millionaire®.

Imagine living the second half of your life with confidence, ease and joy knowing that everything is in place to ensure you have a lifetime of income from not just your Social Security, pension, and savings, but from purposeful and meaningful work or a passion project that fills your soul.

This dream is possible; however, you cannot leave it up to chance. It will take planning, and my motto is that it is never too early to plan. With the current economy, it's becoming more and more challenging to create that stable stream of income, but it's not impossible if you understand these strategies I'm going to share with you, and then take action now.

I remember reading about a woman who said she was worried because her "retirement portfolio" was like a pie that she had to make last forever. This was a huge change for her because all the years that she was working, she could always make more pie! You may be feeling the same way about retiring one day.

I began my Financial Planning career in 1987. Back in 1987, everything was different than it is today. I remember telling my clients that retirement was like a three-legged stool made up of Social Security, savings and their pension, and if any of those legs were weak, your chair would fall over. Well, today, that chair is very wobbly for sure!

We all know what has happened since 2007. Many women saw their retirement portfolios decimated in the 2007-2009 market crash, home prices dropped drastically, some lost their homes, and many lost their jobs. Many individuals who still had traditional pension plans during that time were told that those pension plans were being turned into a "401(k) type" of plan. You probably know others this has happened to. In fact, it may have happened to you.

Note: Traditional pension plans (defined benefit) would pay guaranteed ongoing income after retirement based on a lifetime of service, while a 401(k) (defined contribution) requires the employee to not only fund the retirement plan from their earnings, but also requires them to take on the risk of being the money managers as well. Are you up for this job? Many employees end up investing into a portfolio of mutual funds without a real strategy or knowledge, so they may end up too conservative in the early years or too aggressive at retirement.

IMAGINE BEING HIT
WITH A 30 OR 40%
LOSS JUST SHORTLY
BEFORE OR AFTER
YOU RETIRE?



HOW WOULD YOU EVER MAKE THAT UP?

Since 2008, the stock market has rebounded nicely. However, some women never really got back in, or got in late, only to be hit again in March of 2020 because of the COVID-19 pandemic. During that month, we saw the stock market drop 33% in just a few days. What would you do if the market dropped 30% right when you were preparing to retire? How would you ever make that up>

It has become more and more difficult to even consider planning to retire like our parents did years ago. The typical retirement scenario during the time when your parents retired looked much different than what you are facing today. I ran a practice at Ameriprise Financial from 1987-2007, where I managed over \$100 million for about 200 clients.

Typical scenario back in 1987 - 2007: clients' homes were normally paid off, they had a pension that continued to pay them



a generous monthly paycheck that when combined with Social Security would provide a nice income. In most cases, they had also saved a sizable amount of assets as well. In addition, interest rates were higher, and it was easier to generate an income stream from a combination of cash, bonds and stock dividends.

**WE ARE NOW IN A
NEW REALITY AND
I'M DISRUPTING
THE WORD RETIREMENT!**



A recent study by Age Wave and SunAmerica shows, "Retirement no longer means the end of work. Approximately 95% of pre-retirees expect to work in some capacity during their retirement, either by choice or necessity."

I call this The Midlife Millionaire® Solution, or simply, a career and lifestyle transition with many options like: changing careers, learning new skills, returning to school, starting a business, giving back and volunteering, or simply enjoying leisure and travel. So a mix of working, learning, relaxing and trying new things.

There is a silver lining to all of this. According to research, people who continue to work during retirement often experience better health than those who don't. As long as the work remains low stress, they are less likely to suffer from major diseases like cancer, high blood pressure, and heart disease. They are also less likely to become depressed.

Work is also a good solution, because I've found that most women have not saved up enough to sustain them throughout retirement, let alone a few years.

The good news is that earning just \$10,000 extra after traditional retirement is equivalent to having another \$250,000 invested in your retirement portfolio.

Look at it this way -- let's say you have actually saved up \$1 million in your retirement plan and it's time to retire. How much do you think you can pull from it if you are 60 and you want your money to last 30 years until you are 90? 3%, 5% 7% 10%? Answer: 4% per year!

What this means is that someone with \$1 million in retirement, can plan to pull about \$40,000/year, or \$800/week.

Now imagine you are already nearing retirement age and have nowhere near \$1,000,000 saved? Which would be easier to do?

You could keep saving until you hit that number?

Or

You could create an encore career where you are able to generate \$40,000 year?



The key here is to identify how much you will need in retirement vs. how much you will have based on what you are doing today. Once you know your numbers, you can see how much you are short in savings, or how much you need to earn from work based on what I shared above. It may seem confusing right not, but I have an easy way to help you figure this out!

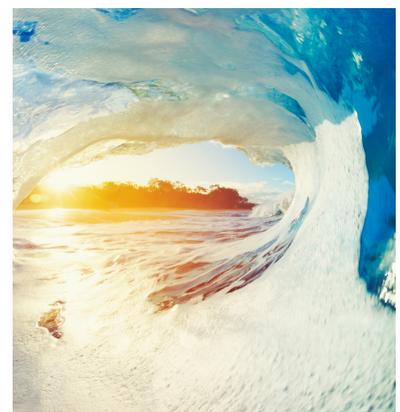
CREATING A PLAN AND REACHING OUT FOR HELP WITH IT IS THE KEY.

Income Strategy #1

is to consider some sort of work doing something you love and are great at. This could be an opportunity to follow a dream that has been put on the back burner while you have spent all these years taking care of everyone else. Remember, earning just \$10,000 would be equivalent to having an additional \$250,000 in retirement savings. I teach you how to do this with my Midlife Millionaire® Coaching. It takes 10 years or 10,000 hours to become an expert, but you can shorten it with a mentor. You don't need to do this alone.

Income Strategy #2

is to carefully consider when to take Social Security. Many people take Social Security at age 62, which is the earliest date you can take it. Did you know that by waiting until your full retirement age, which is currently 66 and 2 months, you can expect to receive 30% more? In addition, every year you delay after that, up to age 70, your benefit could increase 8% more.



One other thing, if you take Social Security too early and then work, you could end up paying money back because there are limits to how much you can earn if you choose to take Social Security before your full retirement date.

All of this can be very confusing, but because Social Security can play such an important role in designing your ideal retirement income stream, do not leave this to chance. Each person I've worked with has a unique situation, and yours is no different.

Income Strategy #3

is to consider new options for your "safe money" to generate income. As you near retirement, you will want to shift a portion of your investments into safer, income-generating options. Historically, this is the area of your portfolio that has generated a generous income stream. When I began my practice in 1987, it was so easy to create income for retirees. In fact, 10-Year Treasury Bonds were paying over 8%. Currently (2021), the 10-Year Treasury rate is under 2%.

What that means to you is this: While in 1987, a \$100,000 bond portfolio would generate \$8,000 annually. Today, your income would be just under \$2,000 per year! This is why so many retirees are putting themselves at risk by investing in the stock market and trying to generate income from stock dividends or capital gains (selling to take profits).



One of the strategies I use for clients is a fixed-index annuity, which pays a rate of interest based on a particular index, such as the S&P 500 or a basket of Exchange Traded Funds. Indexed annuities give buyers an opportunity to benefit when the markets perform well but also protects the portfolio when the markets drop. Basically, the least you can earn in a negative year is zero percent. In addition, annuities can be turned into a lifetime stream of income similar to a pension plan. If you are nervous about the market and want a place for part of your safe money, then a fixed-indexed annuity may be a good option. There are hundreds of companies offering annuities, so you will want to work with an advisor who has access to the whole market and can pick the best for your needs.

SO IF BONDS ARE AT ALL
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RISK, WHERE CAN
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MONEY" TODAY?

The key to all of this is planning.

It's going to take some time, focus and planning on your part to generate a safe and consistent income stream to create your Midlife Millionaire® Lifestyle. To summarize, your new income stream could come from a variety of sources like: Social Security, pensions, real estate income, mutual funds, stocks, bonds, annuities, and of course, some sort of work that inspires you!

Would you like to get a preview of what your Midlife Millionaire® options are and how they could look -- almost like having a crystal ball?

I don't just crunch numbers.

- I help you **uncover** those life-long dreams that have been sitting on the backburner while you've been busy taking care of everybody else's dreams.
- I help you **create** the exact, detailed strategy you need to get there while making sure there is a buffer in case they're hit with the unexpected.
- I also help you **identify and release** any self-limited beliefs that have kept you stuck from moving forward!

The secret is having a Guide who has been where you want to go. It will shorten your journey and help you avoid mistakes.

Isn't it time for you to take back control of your future? You need a clear plan that won't be thrown off course if an illness, aging parents, or life emergency happens.

Together we can develop the Midlife Millionaire® Lifestyle you envision. And I'll help you uncover the roadmap to get there.

Visit me at katanaabbott.com to book a complimentary Discovery Coaching Session now!

IT'S NEVER
TOO EARLY
TO PLAN.



Katana Abbott

Like so many women I support, hardship was my early companion.

Before age 20, I lost my father, my home, my money, and had become a victim of domestic abuse. Fortunately, during this critical period in my life, I discovered the classic book, *Think and Grow Rich*, by Napoleon Hill, whose teachings set my life on a new path of hope, faith, and inspiration. Today, I realize it was the perfect training for my life purpose and the work I do today.

After a long journey, I joined American Express Financial Advisors and became a CERTIFIED FINANCIAL PLANNER™ professional where I managed over \$100 million in assets and provided financial planning with a focus on the needs of women.

My personal retirement reinvention occurred at 48 when I transitioned from corporate life and sold my practice to launch my passion project, the Smart Women Companies which includes Midlife Millionaire® and the Designated Daughter® caregiving program. I also created a financial literacy course and have interviewed over 400 thought leaders on Smart Women Talk Radio.

To explore your dreams for your reinvention, schedule a complementary Discovery Coaching session at katanaabbott.com.



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