

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure

Editorial Overview

Kiplinger's Retirement Report is a monthly publication devoted to giving retirees and soon-to-be retirees the best in workable, realistic strategies for achieving their goals. Editorial topics include personal finance, estate planning, taxes, health care, travel, leisure, volunteering and job-search advice.

COVER STORY

We run our most newsworthy and timely stories here. Articles run the gamut from specific stock, bond and mutual fund recommendations to preparing for new Medicare benefits, from changes in tax laws to new trends in annuities and long-term care insurance.

INVESTING/MANAGING YOUR FINANCES

The Investing and Managing Your Finances sections cover all the important topics that affect our readers' finances. We provide strategies on how to invest and manage a retirement portfolio, including advice on diversification, asset allocation and rebalancing. We write extensively about IRAs, 401(k) plans, stocks and bonds, mutual funds and annuities. We also recommend ways that readers can minimize income, capital gains and estate taxes.

ESTATE PLANNING

Our readers want to put their affairs in order and leave as much as possible to loved ones. Their first priority is usually the well-being of their spouse, but many readers want to help their kids and grandkids through college and leave vacation homes to their children. We provide information on wills, trusts, estate-planning strategies and tax-smart ways to leave these assets to beneficiaries.

MANAGING YOUR HEALTH

KRR provides in-depth coverage on getting the most from Medicare, an employer's health plan and managed care, as well as long-term-care, COBRA and Medigap insurance. We educate readers on continuing-care retirement communities, assisted living and nursing homes. We help readers find the right insurance policy for the best price.

TRAVEL/LEISURE/LIVING

We report on great retirement destinations and active-adult communities. We offer solid advice on how to evaluate potential retirement spots here and abroad. Plus, we provide tips on great vacations, exciting getaways, travel bargains and travel insurance strategies.

INFORMATION TO ACT ON

This section is packed with short, to-the-point news and advice. It offers timely investment and tax tips, updates on Medicare and Social Security, and shopping and travel advice. Items in this section include Web sites and phone numbers readers can use to get more information.

Kiplinger's PERSONAL FINANCE RETIREMENT REPORT



2008 NET RATES

Page 4C	\$9,270
Spread 4C	\$18,540
Page 4C + BRC 2C	\$13,390 *
Page 4C + BRC 4C	\$14,420 *
3-page Gatefold	\$29,870
<i>*cost for we print</i>	

2008 CLOSING DATES*

Jan	12/07/07	July	6/16/08
Feb	1/10/08	Aug	7/11/08
Mar	2/17/08	Sept	8/18/08
April	3/17/08	Oct	9/15/08
May	4/11/08	Nov	10/10/08
June	5/09/08	Dec	11/07/08

**Closing dates are subject to change.*

MECHANICAL REQUIREMENTS

BRC: max size of card 4 1/4" x 10 1/8"

Full Page Trim Size: 8" x 10 1/2"

Maximum image size is 6 3/4" x 10" for 3-hole drilling clearance.

Spread Overall Dimension: 16" x 10 1/2"

1/8" bleed allowance all sides.

Copy should be 1/4" from trim

3-Page Gatefold (Copy should be 3/4" from trim):

Pages 1: 7" x 10 1/2"

Pages 2 & 3: 14" x 10 1/2"

Bleed not available. Supply mac-formatted jaz, zip or cd. Include an image used on disk. Include both screen and printer fonts. All images should be 300 dpi at 100%. Include a final set of laser or color proofs. All files should be supplied as CMYK.

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YOUR GUIDE TO A RICHER RETIREMENT

Demographics
 2005 Subscriber Study

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure

Male/Female	86%/14%
Age 45-64	41%
Average Age	65.7
Average HHI	\$124,120
Average HH Net Worth	\$1,440,140
Married	84%
Graduated College+	80%
Retired	57%
Employed	43%

Baby Boomer Market

Boomers are approximately 77.4 million strong. They can expect to live longer than any previous generation and the opportunity for services and products that will meet their future needs has become apparent.

Consumers 50+ earn about \$2 trillion annually and represent 50% of all discretionary spending.

– Baby Boomers' Marketing's "Perfect Storm", 2005, BoomerGroups.com

Older consumers (those age 45 and older) are a powerful economic force in America, spending more as a group than all other consumers. In 2001, **older consumers spent \$2.28 trillion of total consumer spending** (\$4.36 trillion) in the United States.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Adults 50+ are 70% more likely than the average person to have available funds of more than \$250,000.

– By Kevin Downey, MediaLife.com, April 22, 2003

Boomers overwhelmingly (81%) say they will retire when they have accumulated the resources they need for financial freedom, as opposed to the traditional retirement triggers. **No longer is turning 65 the defining cue for retirement.**

– The Merrill Lynch New Retirement Study

Within five years, about a third of the population is going to be at least 50 years old.

– Kelly Green, The Wall Street Journal, April 6, 2004



**YOUR GUIDE
 TO A RICHER
 RETIREMENT**

Readership

2005 Subscriber Study

Retirement

Estate Planning

Managing
Your Finances

Investing

Taxes

Insurance

Health

Travel
& Leisure

Total Subscribers:	80,000
Circulation increase vs. 2005	4%
Renewal Rate:	67%

- *Kiplinger's Retirement Report* (KRR) subscribers have been reading KRR for an average of 3.2 years, 33% for more than four years.
- KRR subscribers **spend nearly 1 hour reading** the *Retirement Report*. They look at each issue approximately 2.4 times.
- **"To keep up to date on retirement information" (91%)** and **"to live better during retirement" (79%)** are the most important reasons stated for subscribing.
- Articles about **"making your money last a lifetime" (82%)** interest KRR subscribers the most. Also of interest are articles about taxes (81%), health insurance/Medicare (80%), Social Security (78%) and estate planning (80%).

Involved Readers: KRR received a 45% response rate within the 1st week of mailing out the Subscriber Study.

Which of the following actions have you taken in the past 12 months as a result of reading the Retirement Report?

Took Any Action	92%
Archived an issue or article for future reference	64%
Referred to articles to manage personal finances	63%
Discussed an article or ad with someone else	56%
Passed the report along to someone else	30%
Sought out information on a financial product	29%
Cut out an article	28%

re-tire (ri-tir) v: 1. To go away, retreat, or withdraw . . .

That may be Webster's definition, but as the first of America's 79 million baby boomers reach age 62 in 2008, they are going to change the meaning of the word.

— USA Today, June 9, 2005

**YOUR GUIDE
TO A RICHER
RETIREMENT**



Investing
2005 Subscriber Study

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure

Average Investment Portfolio: **\$1,142,220**
Average number of securities transactions: **11.2**

38% of mutual fund investors have **invested in a new fund family** in the past year.

71% provide **informal financial advice to others** (Family, Friends, Co-workers, etc.).

On average, KRR subscribers **started saving for retirement when they were 37 years old.**

Which of the following investments do you own?

Any	96%
Retirement accounts (IRA, 401(k), Keogh, etc.)	90%
Mutual Funds (any type)	86%
Stocks	77%
Weekend or vacation home(s)	20%
ETFs	8%

Financial services have you used/contacted to make investments or receive advice in the past year:

Full Service Broker	42%
Discount Broker	26%
Financial planner/advisor	37%
Mutual fund company	32%
Insurance company	15%
Online Broker	27%

Financial Services Market

78 million **Americans who were 50 or older as of 2001 controlled 67% of the country's wealth, or \$28 trillion**, according to data collected by the U.S. Census and Federal Reserve. Households headed by someone in the 55-to-64 age group had a median net worth of \$112,048 in 2000 – 15 times the \$7,240 reported for the under-35 age group.

– Kelly Green, The Wall Street Journal, April 6, 2004

Adults 50+ are active investors and use a variety of services to ensure effective financial planning. **51% are more likely to use a full service stockbroker and 23% are more likely to use a financial planner.**

– Scarborough Research, March 15, 2005

Early Boomers (46-55) own more than 70% of US Financial assets.

- Boomer Facts, 2005, BoomerGroups.com



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Insurance

2005 Subscriber Study

68% of KRR subscribers stated that articles on *long term care insurance* were of interest to them.

Average # of insurance companies subscribers do business with: **2.9 companies**

44% currently have financial products/services from an insurance company

25% would consider purchasing financial products/services from an insurance company

Types of insurance policies currently own:

Any	100%
Automotive	97%
Homeowners	95%
Medical/Health	85%
Life	80%
Long term care	37%

Insurance Market

Source: A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

- Older consumers accounted for more than half (55%) of all spending on vehicle insurance in 2001.
- Consumers age 45+ accounted for two-thirds (66%) of the market for personal insurance, other than health insurance, in 2001.
- Consumers age 45+ reported spending an average of \$512 annually on personal insurance in 2001— about 25% more than the total population average of \$410.
- Of all age groups, consumers age 55 to 64 spent the most money on personal insurance in 2001, an average of \$653.
- Older consumers (age 45+) held a 50% share of market in 2001 for Personal Insurance and Pensions

Older consumers are responsible for the majority of total consumer spending in the United States, and they dominate the market in every key category of expenditure: food, housing, healthcare, transportation, **personal insurance** and pensions. Their population share makes them a growing and powerful economic force.

- A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Retirement

Estate Planning

Managing
Your Finances

Investing

Taxes

Insurance

Health

Travel
& Leisure



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Travel

2005 Subscriber Study

54% of KRR readers stated that editorial on *travel and leisure* was of interest to them.

52% of KRR readers stated *travel and leisure information* as a reason for why they subscribe.

Leisure Travelers: **80%**

Business Travelers: **36%**

Avg. # of Nights Spent in a Hotel/Motel past 12 months: **15.5**

	Past 12 Months	Next 12 Months
Any Trip	69%	57%
Domestic Trip	56%	44%
International Trip	28%	22%
Took cruise	11%	14%
Took a domestic vacation	52%	44%
Took an international trip	23%	25%
Rented a car	45%	31%

Travel Market

64% of Boomers are looking forward to traveling in retirement.

— The Merrill Lynch New Retirement Study 2005

Travel experts say they expect to field more calls (from boomers) about adventure trips, such as archeological digs and Amazon boat excursions.

— Boomers Put New Spin on Concept of Old, 2005, BoomerGroups.com

Roughly **three out of four Boomers over 50 consider themselves “travelers”** and do so regularly.

By 2005, **50+ Boomers are expected to spend \$57 billion on travel** — \$3.6 billion of that on adventure travel.

— June 2002 Boomer Brief, Find/SVP Inc.: The Coming Baby Boom: Five “New” Priorities for Boomers Over 50

Early Boomers (46-55) purchase 80% of luxury travel.

— Boomer Facts, 2005, BoomerGroups.com

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure



**YOUR GUIDE
 TO A RICHER
 RETIREMENT**

Automotive
2005 Subscriber Study

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure

Type(s) of vehicles that Household currently Owns/Leases:

Midsized car	35%
Full-size car	31%
Luxury car	25%
Pick-up	22%
Compact/Midsized sport utility vehicle	18%
Full-size sport utility vehicle	18%
Compact car	15%
Mini-van	14%

29% plan to purchase or lease a new vehicle in the next year

If planning, what type of vehicle(s) will you purchase or lease?

Midsized car	32%
Luxury car	18%
Full-size car	17%
Compact/Midsized sport utility vehicle	16%
Full-size sport utility vehicle	8%
Mini-van	8%
Pick-up	7%
Compact car	6%

Automotive Market

Early Boomers (46-55) purchase **61% of all new cars** and 48% of all luxury cars.

– Boomer Facts, 2005, BoomerGroups.com

The average American household buys 13 new cars over the course of a lifetime – including **seven after the head of household turns 50.**

– Marketing Surprise: Old Consumers Buy Stuff, Too. 2005, BoomerGroups.com; CNW Marketing Research Inc.

Older consumers (age 45+) held a **53.3% share of market in 2001 for new car and truck purchases** and a 44.5% share of market in 2001 for used car and truck purchases.

Older consumers accounted for more than half (55%) of all spending on vehicle insurance.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

While family cars still play an important role in most Boomer households, Boomers are entering their peak earning years, and many are finding their nests empty as well, leaving them with extra income to acquire fun-to-drive second, third, or even fourth cars.

– The U.S. Baby Boomer Market: From the Beatles to Botox, MarketResearch.com



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Internet/Technology

2005 Subscriber Study

6.3 hours: Average amount of time spent online per week

3.1 hours: Average amount of time spent on personal finance/investing sites per week

If you use personal-finance Web sites how do you typically use them?

USE ANY	71%
Track investments	57%
Get up-to-date financial news	52%
Research financial questions	31%
Use tools and calculators	25%

Which of the following items do you currently own or plan to purchase in the next 12 months?

	Currently Own	Plan to Purchase
ANY	81%	31%
Home PC	72%	7%
Digital camera/camcorder	51%	12%
Plasma/LCD TV or HDTV	17%	13%
DVR	16%	4%
Home theater system	15%	3%
PDA/handheld computer	13%	1%
GPS system	12%	4%
MP3 player	7%	3%

Internet/Technology Market

While it's difficult to generalize an entire generation, Boomers are often thought of as **more adventurous and willing to explore new territory**. Using the Internet is an extension of that quest. – eMarketer.com, May 19th, 2005

As the oldest Baby Boomers prepare to turn 60 in 2006, marketers and the media are waking up to the power of older consumers. **Boomers are dedicated Internet users and broadband fans**. As they approach the next phase of their lives they will challenge companies to keep up with their ever-demanding ways, both online and off. – eMarketer.com

Between 1990 and 2001, older consumers **increased their spending on computer products by 295%**, compared to a 209% increase by consumers of all ages. Consumers age 55 to 64 showed the largest increase in computer product expenditures, spending 767% more on computer products in 2001 than they did in 1990.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Experts predict that online spending by older consumers will grow to \$26 billion by 2007, a quarter of total online spending.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure



YOUR GUIDE TO A RICHER RETIREMENT

Leisure Activities

2005 Subscriber Study

Retirement

Estate Planning

Managing Your Finances

Investing

Taxes

Insurance

Health

Travel & Leisure

54% of KRR readers stated that editorial on *leisure activities* was of interest to them.

52% of KRR readers stated *leisure activity information* as a reason for why they subscribe.

Participated In (past year):

LEISURE ACTIVITIES:

Dined out at a restaurant	100%
Entertained guests at home	97%
Drank alcoholic beverages	85%
Attended a live theatre performance	87%
Participated in any community or charitable group activities	87%
Visited a museum	90%
Went to the movies	88%
Visited an art gallery/art show	77%
Attended pro sporting event	74%
Attended a concert (rock, jazz, etc.)	64%
Attended the orchestra/ballet/opera	62%
Went to a vineyard/wine tasting	57%
Visited a casino	57%

SPORTING ACTIVITIES:

Went hiking	69%
Participated in any water activities	56%
Played golf	44%
Played tennis	20%
Went biking	43%
Went sailing/boating	41%
Went camping	26%
Went snow skiing	17%
Went rock climbing (or did other adventurous activities)	21%

Leisure Activities Market

Boomers have money to spend with **\$400 billion dedicated to entertainment and apparel** in the last year alone. Early Boomers (46-55) eat out 3x+ a week.

– Boomer Facts, 2005, BoomerGroups.com

According to American Sports Data, Inc., of Hartsdale, NY, **membership in fitness centers in 2001 among people 55+ had climbed to 5.6 million, a 266% increase from 1987.**

– Boomers Put New Spin on Concept of Old, 2005, BoomerGroups.com

Major reasons for working in retirement: 49% desire to stay physically active.

– AARP "Attitudes of Individuals 50 and Older Toward Phased Retirement" March Study

Marketers and advertisers who partner with Boomers in the reinvention of what it means to be the "older generation" will prosper by recognizing the many elements of marketing's "perfect storm". Look to Boomers to ensure that living life in one's 50's, 60's and beyond is filled with great energy, style and cachet.

– Baby Boomers, Marketing's "Perfect Storm," 2005, BoomerGroups.com



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Employment

2005 Subscriber Study

Retirement

Estate Planning

Managing
Your Finances

Investing

Taxes

Insurance

Health

Travel
& Leisure

49% of KRR readers stated editorial on *employment* is of interest to them
43% of KRR readers are employed

Plan to Stop Working at Age:

55-60	10%
60 – 64	24%
65 – 69	31%
70 or over	34%
Average Age	66 years
Median Age	67 years

Employment Market

In a recent AARP study, **80% of Boomers reported that they expect to work during their retirement years** and continue to live at a higher standard than do older generations.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

A recent survey by the Principal Financial Group asked workers how they would manage in retirement without Social Security. **68% said they would either remain in the work force longer or ease into retirement by working part-time.**

– Will You Have Enough, 5/26/05, Courier News

76% of Baby Boomers plan on working in retirement; 56% plan on launching new careers.

– The Merrill Lynch New Retirement Study 2005

Major reasons for working in retirement:

- 61% Need the money
- 54% Desire to stay mentally active
- 52% Need the health benefits
- 49% Desire to stay physically active
- 47% Desire to remain productive or useful

– AARP "Attitudes of Individuals 50 and Older Toward Phased Retirement" March Study

Work force participation by persons age 45+ **increased by almost 50%** between 1990 and 2002.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

I've had three jobs already. And two kids going to college. I plan to work when I retire. But I won't have a job. I'll have a passion.

– The Merrill Lynch New Retirement Study 2005



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Home & Health

2005 Subscriber Study

(Baby Boomers) major objectives include saving and investing for retirement. Many buy second homes in places where they plan to retire later. They'll purchase insurance for nursing home and home care, and they'll pressure the government to provide more medical benefits.

Source: What's Ahead for 2005, Kiplinger's Letter

- 89%** of KRR readers stated that editorial on **health insurance/Medicare** was of interest to them
- 49%** of KRR readers stated editorial on **places to retire** was of interest to them
- 25%** of KRR readers are **planning to move** in the next 3 years
- 96%** made home improvements

Home Market

Housing was older consumers' (45+) largest category of expenditure between 1984 and 2001, and it increased in both dollars spent and as a percentage of total annual average expenditures. The spending power of the Boomers and older consumers in the upper income quartile is attracting the attention of the housing industry, particularly those catering to the high end of the business.

Consumers age 45+ held a 51% share of market in 2001 for Housing.

Source: A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Health Market

Average annual expenditures on prescription and nonprescription drugs by the 65 to 74 age group increased 73% between 1984 and 2001. This compares to a 58% increase in prescription and nonprescription drug spending for all consumers.

Consumers age 45+ held a 69% share of market in 2001 for Health spending.

– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

Major reasons for working in retirement: Need the Health benefits (52%)

– AARP "Attitudes of Individuals 50 and Older Toward Phased Retirement" March Study

The unpredictable cost of illness and healthcare is by far Boomers' biggest fear. They are three times more worried about a major illness (48%), their ability to pay for healthcare (53%) or winding up in a nursing home (48%), than about dying (17%).

– The Merrill Lynch New Retirement Study 2005

53% fear being unable to afford health insurance.

– The Merrill Lynch New Retirement Study 2005

Baby Boomers don't think of themselves as old.

– Boomers Put New Spin on Concept of Old, 2005, BoomerGroups.com

Retirement

Estate Planning

Managing
Your Finances

Investing

Taxes

Insurance

Health

Travel
& Leisure



**YOUR GUIDE
TO A RICHER
RETIREMENT**

Advertisers
2003 – 2007

Retirement

Estate Planning

Managing
Your Finances

Investing

Taxes

Insurance

Health

Travel
& Leisure

AIG
Ariel Mutual Fund
American Stock Exchange
Archimedes Bath Lift
Dell Webb
Edward Jones
E*Trade
Fidelity
Franklin Templeton Distributors
Investment Rarities
Jitterbug Phone
Liberty Medical
Longevity Alliance
Met Life
Muriel Siebert
Mutual of America
NAPFA
New York Life
Northwestern Mutual
Precision IR Group
Prudential Financial
Robert Davis LTC
State Street Global Advisors
St. Joe
T. Rowe Price
TD Waterhouse
TIAA-CREFF
Tucan Country Club & Resort
Universal Coin & Bullion, Ltd.
Vanguard
Wachovia
Wells Fargo

SPENDING POWER OF BOOMER MARKET

- 78 million Americans are 50+
- Control 67% of country's wealth (\$28 trillion)
- Median HHI: \$112,048
– Wall Street Journal, April 6, 2004

Adults 50+ are:

- 36% more likely to have liquid assets of more than \$100,000+
- 70% more likely to have available funds of \$250,000+
– Kevin Downey, MediaLife.com, April 22, 2003
- Boomers have \$1 trillion in spending power
– eMarketer.com, May 19, 2005
- Older consumers (45+) are a powerful economic force in America, spending more as a group than all other consumers. In 2001, older consumers spent \$2.28 trillion of total consumer spending (\$4.36 trillion) in the United States.
– A report to the Nation on Consumers in the Marketplace: Expenditures of the Older Population, AARP

The best argument to date for advertisers chasing after people age 50+ is that there are so many of them, and their ranks grow every day.

*But there's also another good reason. **They've got money,** more money than younger Americans, and they've got more money to spend on discretionary purchases*

– Kevin Downey, MediaLife.com, April 22, 2003; Research from Media Audi



**YOUR GUIDE
TO A RICHER
RETIREMENT**