

YOU DECIDE
Dr. Mike Walden

What will retirement mean?

My wife and I are aging. I won't tell you how old - especially she is. But suffice it to say we're now well past the half century mark.

After teaching her 32nd year of elementary school, my wife says that's enough. She'll retire after this school year. Although I plan to continue working for the foreseeable future, her decision has caused us to think much more about retirement.

Of course, there are a number of important issues to address in retirement, spanning psychological, sociological, medical, legal, and financial elements. As an economist, I'll only touch on the last one.

For most of our nation's history, retirement usually meant poverty. Retirement means an end to paid work, and without the earnings from work, many retired people barely got by.

Fortunately, this is no longer the case. Although retired households have less income than other households, retirees actually spend more per person. Indeed, retired households spend more per person on all major expenditure categories except clothing and transportation. It makes sense they spend less on clothes and cars because a significant part of this spending is work related.

Of course, the biggest difference in spending between retirees and others is in health care. Retired households spend over twice as much per person on health care than other households.

But wait a minute, you might be saying. How can retirees spend more when they have less income? The answer is easy. Retirees don't save. In 2003, the average retiree saved only \$624 annually, compared to \$4124 for all persons. But again, this makes sense because a large reason for saving is to build up a financial reserve for retirement.

So one big benefit of retirement is that money doesn't have to be budgeted for saving, either through Social Security, company pensions, 401Ks, or other personal savings. Retirees can focus on living for now!

This isn't to say retirees are home-free with no financial worries. In fact, retirees constantly face one big worry - the possibility of outliving their money. None of us knows exactly how long we will live; in fact, most of us want to live as long as possible. But since retirees aren't working, or at least aren't working full time, this does leave the question of where the money will come from for expenses much later in life.

Of course, Social Security is supposed to last as long as someone lives, although the current debate over its solvency does raise some questions. Certain kinds of company pensions, called defined benefit plans, will also pay out for the entirety of one's life.

For other retirement savings, there are two ways to ensure you don't outlive your money. One is to only spend the interest earnings from the retirement funds. Say you've saved \$300,000 for retirement, and you earn an annual interest rate of 5 percent. This method means you'd only spend \$15,000 from the fund each year, always preserving the original \$300,000.

The second method is to use your retirement savings to purchase an immediate annuity. An immediate annuity will, in turn, pay you back an annual amount. The unique characteristic is, this annual amount will be paid as long as you live. You can also purchase an immediate annuity that will continue paying your spouse if you die first, although the annual amount will be less with this form.

Retirement should be a happy time. I know my wife and I are looking forward to it. However, before you get there, it's important to decide on the options for both your income and spending.

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My last lottery column?

Now that it is finally done, who are the winners and losers in the lottery fight?

The biggest winner might be you, if you are a regular reader of my column. My opposition to a state-run lottery has been so strong that you have had to endure lots of columns filled with my passion about the topic.

Your ordeal could be over.

The biggest losers might be the biggest supporters of the lottery.

The lobbyists and public relations consultants, who have, off and on, been on the payrolls of gambling companies promoting the state lottery, may have worked themselves out of their jobs. Some of them, however, may get a second wind, again representing these companies as they compete to get a contract to run the state's new gambling business or working to expand the lottery's operation.

Other losers might be the Democratic Party leadership. The governor, lieutenant governor, the house speaker, and the senate leadership took prominent roles in the passage of the lottery this year. In public, they are celebrating and congratulating each other. In private, they worry that they have lost a popular political issue that helped them win the last two gubernatorial elections.

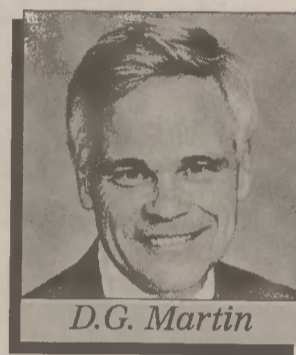
They remember what happened in South Carolina. In 1998 Democrat Jim Hodges won an upset victory over incumbent Governor David Beasley, on a pro-lottery platform. But in 2002, the South Carolina lottery was in place. Without the "lottery" issue to help him, Hodges lost his reelection campaign.

Similarly, some North Carolina Democrats wish they could have kept the issue on the table for a few more elections.

For the same reason, some anti-lottery Republican politicians are glad they finally lost and got the lottery issue out of the way.

The deputy leader of the Republican minority in the state senate, Tom Apodaca from Hendersonville, told the Charlotte Observer, "I've always been against it, but I spent my whole weekend back in my district with everybody I saw saying, 'Please vote for the lottery.' From that point, I'm glad to get it off the table. I'm tired of hearing about it. We've got a lot of other important issues we need to be dealing with."

Apodaca might have added, "And, having the lot-



D.G. Martin

tery off the table is going to make it possible for us to win at election time."

The biggest losers, over time, may well be the students in

public schools. With the lottery supposedly taking care of school construction needs, local voters may be less likely to approve school bond issues. Actually, even the most optimistic projections of lottery proceeds would cover only a small fraction of estimated needs. Also, even though the legislature has "promised" not to reduce other funding for schools, we have learned that you cannot take such "promises" to the bank.

Speaking of promises that might not be kept, don't count on me keeping the one I made about not writing any more about the lottery.

Here is why. The lottery issue might not be over quite yet.

Some lottery opponents may be exploring the possibility of challenging it on constitutional grounds.

The North Carolina Constitution requires "revenue bills" to be approved on two separate days. The lottery bill was approved on a single day.

The question then is whether or not the lottery legislation was a "revenue bill."

Here is what the constitution says:

"Sec. 23. Revenue bills. No law shall be enacted to raise money on the credit of the State, or to pledge the faith of the State directly or indirectly for the payment of any debt, or to impose any tax upon the people of the State, or to allow the counties, cities, or towns to do so, unless..."

Is the lottery a tax or does it pledge the state's credit?

You be the judge. John Locke Foundation President John Hood argues "that the proceeds transferred from the lottery coffers to the state treasury, typically about a third, is a tax."

If a court agrees with Hood, the lottery will be back on the legislature's table. The Democrats will keep a popular issue for another election season.

And you will have to continue to endure my anti-lottery columns.

D.G. Martin is the host of UNC-TV's North Carolina Bookwatch, which airs on Sundays at 5 p.m. This week's guest is Bill Morris, author of "Saltwater Cowboys," a mystery involving shrimpers, fishermen, environmentalists, developers, and other residents of North Carolina's coast.

A cycle and a circle continued

High above the fields a hawk was flying as smoothly as the water flowed back at home in my fountain in the sunroom. Too high to identify, it soared with infinite grace and design. Red winged blackbirds gathered along a line of young willows protruding from a ditch that swayed their tender branches like a bobbing balloon tugged by a child's hand.

The yellow topaz sun glowed high in a sky, casting its mesh of ochre like a gigantic net that pulled every living thing into its amber aura.

I was in autumn heaven. It had been far too long since I'd walked these fields and meadows, for I do not walk them quite as smoothly anymore, nor for more than an hour or two at a time.

My physical attributes may be faltering somewhat, but my intense desire to know intimately every crevice and corner of the natural world within my territory is unchanged. I watch it all.

As I stood with one hand shading the brilliance of the late afternoon sun from

my face, a small but fierce kestrel swooped down within thirty feet of where I stood in the fall meadow and plucked a small rabbit from the grasses. My heart felt suddenly torn as

a rush of adrenaline flooded my senses to do something to cause the small, swallow-like falcon to drop its prey. It was only momentarily though, as I am all too aware of the cycle of life and what happens when humans interfere.

Animals, like this rabbit, are constantly and uniquely resurrected into keeping the circle of life strong. Their lives are rapidly recycled into other lives, like the meal the rabbit will provide for the hawk and eventually its young. It is far too easy for most people to draw cold-eyed conclusions at the witness of these natural acts, but those who live close to the land consider it a sacred union.

NATURE IN A NUTSHELL



Gail Roberson

Nature has always been my sanctuary. While others rush around and become lost in the hopelessness of society and uselessness of trivia, I am in tune with the rhythms of the earth.

We all need places in which to work and play in where we find strength of body and mind, and especially of the soul. If this were a universally recognized and practiced thing, there would be little shortage of the earth's resources now. Our mental institutions would be practically empty. We would know everything about our planet from the depth of the ocean floors to the healing medicines of the rain forests. We could breathe clean air and drink uncontaminated water. Life would be different.

I felt as if I were in a great cathedral watching a holy performance. As I pause to watch the female grasshopper laying her

eggs beneath the surface of the ground, today I am not walking alone. There is yet another child by my side...a child filled with the same curiosity and desire into which, not that much unlike the hawk and rabbit, I can recycle my own awareness and knowledge.

He sees what I see. He feels what I feel. He wants to know what I know. He stands beside me in the sun and absorbs the heat against his skin and watches the hawks soar through the clouds. He is my new protégée.

When I am gone from this place, he will someday help reconnect the circle of life that humans have destroyed, and eventually recycle his curiosity and knowledge into others.

Doctors tell us that a walk outside is good for your health. I can assure you that a walk outside is equally as good for your soul. I constantly recycle that awareness.

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