Financial Focus

WEALTH MANAGEMENT AND RETIREMENT INCOME PLANNING

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Notable Quote

"I have not failed. I've just found 10,000 ways that won't work."

- Thomas Edison

IDENTITY THEFT

You're probably familiar with three of the most common risks to your income in retirement: overspending, market volatility, and longevity. But did you know that identity theft is quickly becoming a fourth risk factor? Over the past six years, more than $107 billion has been lost to identity theft.* As internet fraud, data breaches, and identity theft continue to rise, retirees remain key targets for fraud and scams. Below are some tips to help you safeguard your identity and your finances:

- Provide your Social Security number only when necessary and to verified parties.

- Never use your name, mother's maiden name, a child or pet's name in your passwords. Create more complex passwords using uppercase and lowercase letters, non-sequential numbers, and special character symbols.

- Don't use the same password for multiple accounts; this will minimize the damage in the event one of your accounts is compromised.

- Make sure your computers and mobile devices are running the latest versions of operating systems and applications, and regularly update anti-virus software.

- Consider freezing your credit files with the three major credit reporting bureaus — Equifax, Experian and TransUnion. Doing so can make it more difficult for identity thieves to open new accounts in your name. Consumers can also "thaw" their files, temporarily or permanently.

*Javelin Strategy & Research: 2017 Identity Fraud Study

BEHIND ON SAVINGS

It's always best to retire with a comfortable cushion because no one knows what tomorrow may bring. Many Americans have had trouble saving enough.

If you're among them, consider the benefits of working a bit longer. The most obvious one is that it allows you to stuff more income into your savings. But there are other, less-appreciated advantages to extending your working years.

First, the longer you work, the longer you avoid cracking open your nest egg. That's important because today's longer lifespans mean our assets often need to last for 30 years or more. Secondly, working longer increases your Social Security benefits—and those increased benefits can help.

Finally, work can give purpose to life. Studies show seniors who work part time experience fewer major diseases and function better day to day than people who stop working altogether.*

*Journal of Occupational Health Psychology: October 2009

GUESSING HOW MUCH YOU NEED TO RETIRE

How much money will you need to retire? According to the American Association for Retired Persons (AARP), that depends largely on how long you live. A healthy, upper-middle-class couple age 65 in 2015 has a 43% chance that one or both partners will live to see 95.* That's a potential 30+ years in retirement!

For a retired couple to generate $40,000 a year in income after they stop working, AARP estimates

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they would need savings of about $1.18 million to support a 30-year retirement. However, it's important to keep in mind that taxes, inflation, rising health care costs can erode the purchasing power of those assets over time, so 20 or 30 years from now, an annual income of $40,000 may not be enough to support your basic lifestyle needs, especially if one of both spouses incur serious health issues.

Knowing how much to save for retirement is important, but complex to calculate. Your plan should reflect your lifestyle goals and risk tolerance, and take interest rates, market fluctuations, and rising health care costs into consideration.

Establishing a retirement plan won't provide a 100% bulletproof future but calculating your retirement goals can certainly help in giving direction. If we can help you establish a plan aligned with your income needs in retirement, I invite you to get in touch to see how we can assist.

*AARP magazine, February/March 2015. Calculation uses average annual returns of 6% percent and assumes a 2.5% rate of inflation, according to Morningstar, a Chicago-based investment-research firm.

Why Consider Long-Term Care Insurance In Your 50's... & Beyond

Your 50's are the time to plan ahead for health care coverage, evaluate long-term care insurance options, review disability coverage, and determine if you still need life insurance. This is the time to carefully assess each type of insurance plan you have, what's missing, and what policies are right for you.

The great unknown of retirement living is how much medical costs will be. If you remain healthy then there's no problem. But any chronic condition can turn into an ongoing expense that could greatly restrict your lifestyle. It might be time to consider and at least explore long-term care insurance. Many plans are available to people in their 50s that are not to those in their 60s because they can no longer qualify to buy or simply cannot afford long-term insurance.

Feel free to contact me if you have any questions or would like to explore long-term care planning. We can run quotes from top insurance carriers to ascertain if coverage would be available and what the costs would be.

A Biblical Perspective

I once bought into a vacation home with a handful of partners, using a mortgage, and justified it as an investment. And while it may turn out to be a good investment, I felt I was in over my head financially. Fortunately, I was able to get out of this "investment" with a minimal loss and learned a valuable lesson.

Borrowing / debt always presumes upon the future and there's no guarantee of tomorrow. Unforeseen future circumstances could jeopardize your ability to repay your loan(s). Furthermore, consumptive borrowing will sentence one to a lower standard of living in the future.

Proverbs 22:7 The rich rule over the poor, and the borrower is slave to the lender.

Luke 14:28 Suppose one of you wants to build a tower. Won't you first sit down and estimate the cost to see if you have enough money to complete it?

James 4:13-15 Now listen, you who say, "Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money." Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. Instead, you ought to say, "If it is the Lord's will, we will live and do this or that."

While the Bible divulges warnings about debt, I don't see where it says never do so. A couple of places it can make sense is when buying a home (be careful not to get in over your head) or when investing in your business.

Consider how debt affects your marriage. Is your spouse in unity / agreement (Ephesians 5)? Develop a plan to get out of debt if you're in it because a debt trap could bring a dark cloud.