

Financial Focus

SPECIALIZING IN WEALTH MANAGEMENT AND RETIREMENT INCOME PLANNING

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Notable Quote

"The individual investor should act consistently as an investor and not as a speculator."

~ Ben Graham

"SHOULD I BE SAVING MORE?"

If you are like most Americans, you have many questions about retirement. Whether you are one, five or 10 years away from enjoying your golden years, living a comfortable retirement requires thorough and proactive planning.

This is a big concern for many clients. The recommendations below could help guide your retirement plans.

First, get real about your longevity. Don't think too morbidly about this, but do consider how long you foresee living. According to a recent government study, life expectancy rates in the U.S. are at an all time high, with the average person living for nearly 78 years.¹ And statistics are showing one spouse could live up until age 95. Take care of your savings now with a careful plan to draw from them conservatively over your anticipated lifetime.

Next, calculate your expenses. Factoring in your longevity will help you determine how much to save—but so will calculating your projected expenses (e.g., home mortgage, utilities, student loans, credit card and other bills), and then padding your retirement savings accounts accordingly. If you determine you will be living too far below your means on your current savings, consider staying in the workforce a few years longer. If you are in good health and enjoy your job, working a few more years could make an important difference in your retirement savings.

Finally, nurture your retirement accounts. How you fund your retirement savings accounts today (such as a 401(k) and/or tax-deferred IRA)—and your plan to draw from them later— will determine how much longer you should work to save enough to live on in retirement. Don't rely on blanket percentages that you may find online to determine how much to save. Please contact me if you'd like to discuss determining your specific savings strategy.

¹ <http://abcnews.go.com/Health/Healthday/story?id=4508655>

SIGNS YOU ARE WITHDRAWING TOO MUCH FROM RETIREMENT SAVINGS

Imagine yourself in this common scenario: You diligently saved during your working years, but now that you've retired, you are increasingly concerned about running out of money. This is a legitimate and real worry for many—especially those in their early years of retirement—and a concern you do not want to ignore.

Wouldn't it be great if your retirement savings account(s) gave an urgent warning when you are withdrawing too much so that you avoid downsizing your retirement income for years to come? Below are some scenarios you'll want to avoid so that you can stay within budget when in retirement:

- **You haven't thought about a withdrawal rate –** This is a critical number to determine in order to keep your annual withdrawals from completely draining your savings. You may have heard of the "4 percent rule," which suggests withdrawing 4 percent of your portfolio in the first year then adjusting that initial amount for inflation in subsequent years. This rule may work for some, but not all, especially with higher life expectancies and changing interest rates.
- **You took a "one size fits all" approach to determining your income needs –** Basing your individual retirement needs off the needs of a friend, colleague or something you read online can

be a recipe for disaster. No two people have the same financial needs in retirement and yours are uniquely based off of your current savings, anticipated expenses and life expectancy.

- **You avoid looking at statements** – There may be a reason you are avoiding looking at your portfolio statements. Could it be that you are spending too much and living beyond your planned means in retirement? Retirement is about the numbers and sticking to a plan. Hoping you have enough to live on could put you in a dire financial situation later. Plus, higher withdrawals could mean hefty annual tax payments (based on your age and timeframe for taking Social Security or other benefits).

Taking note of these warning signs and preparing in advance for your financial needs in retirement could help keep you on the right track to enjoy an income-steady retirement. Contact me if you have questions or need guidance along the path of retirement planning.

A BIBLICAL PERSPECTIVE

The Bible includes over 2,000 verses relating to money and money management and divulges wise & sound advice. I wish I had always followed its counsel but haven't. My hope is others don't make similar mistakes, so I'm including a Biblical financial topic in these newsletters that I hope will be beneficial to you. Given the above articles, this time we'll discuss what the Bible says about saving.

Financial maturity can be defined as giving up today's desires in order to reap future benefits. This can be difficult to do especially in a culture that sells on the myth that having more brings satisfaction. Buying into that lie will more than likely lead to discontentment. Here are a few verses about saving from Proverbs that I hope will provide some perspective:

- Proverbs 6:6-8 Go to the ant, you sluggard; consider its ways and be wise! ⁷It has no commander, no overseer or ruler, ⁸yet it stores its

provisions in summer and gathers its food at harvest.

- Proverbs 21:20 The wise man saves for the future, but the foolish man spends whatever he gets.
- Proverbs 13:11 Dishonest money dwindles away, but he who gathers money little by little makes it grow.

As we near Easter, I'm reminded of the message described in the Bible of God's grace and provision. I hope you consider the purpose of Jesus, the simplicity of faith in Him and the hope He provides. Have a good Easter.

IRA CONTRIBUTION REMINDER

If you are planning to contribute to your IRA for tax year 2015 and are eligible, please know contributions are due by 04/15/2016.

Today's IRA accounts offer more options than ever before, which allow the IRA to better reflect your individual needs. If you have not yet funded your 2015 contribution, I encourage you to consider doing so if it fits within your financial planning.

In case of processing delays, please take care of this well in advance of April 15th. As always, contact me if you have questions regarding eligibility or if I can be of assistance in helping you select which IRA best meets your needs.

THANK YOU FOR YOUR BUSINESS

There's no better time than now to tell you how grateful I am to have you as a client. I'd like to personally thank you for placing your trust and confidence in me, our group, and Cetera.

It is a pleasure working with you! I look forward to connecting with each of you in the future but in the meantime, please don't hesitate to contact me if you need financial guidance.