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SENIORS/BOOMERS NEWSLETTER

"THE RETIREMENT EXPERTS"

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'Because that's where the money is' notorious gangster Willie Sutton on why he robbed banks

Although the S&P 500 has gained roughly 8% year- to- date, this has not been evenly distributed among all stocks.

In fact, 10 or so stocks have accounted for more than 50% of the gain. To say there is a lack of breadth in the gain, would certainly rank right up there with the best of the understatements. Many stocks actually have losses on the year.

Although I have said and written that I don't foresee a major drop in the indexes yet, and there is no recession in sight, I am concerned with the valuations.

Examples abound:
Like Amazon at over $1000/share with no profits; Tesla, selling 70,000 cars/year is worth more than Ford who sells more than 7,0000,000. Netflix, with a price/earnings ratio of 200. That basically means that it would take you 200 years to get your money back based on their current earnings.

The S&P is trading with a Price/earnings multiple in the mid 20's. This is not as bad as what we saw in 2000 or 2008, it is however still high compared with its historical average.

Several other issues have caught my attention:

*The 'TRUMP' trade appears to be winding down. Since the election, the market rose quickly on the expectation of policy changes relating to tax reform, infrastructure spending, reduction in regulatory red-tape, etc. etc. It appears that any, or all of these changes might get pushed into next year...or beyond. This will undoubtedly have a negative effect on stocks.

*Growth in the economy has not lived up to expectations. Again, without the stimulus that I highlighted earlier, we could expect to see the 'smart money' start to pull back...again negatively affecting stocks.

*There is growing political risk in Washington and the big question is how much change can be achieved if the Administration's economic agenda gets put on a back burner as frivolous distractions take center stage.

*Geopolitical tensions surrounded by trade differences with our trading partners also raises the caution flag.

What I'm suggesting here is that you use caution in your investment decisions.

1) Diversify your investments.

2) Asset Allocate your investments.

3) Set stop loss trigger alerts for your investments.

5 Investor Mistakes You Must AVOID

1) NOT TAKING PROFITS.

You must learn to turn your paper profits into real profits. Credo: On Wall Street 'pigs get slaughtered'.

2) NOT KNOWING WHEN TO SELL

If you have an investment that loses 10% of its value, it's time to research it thoroughly and figure out if it's likely to bounce back quickly. If it's not, dump it. If it loses 15%...dump it NOW.

3) OUT-OF-FAVOR-SECTOR

You can own a great company, but if it's sector (eg; housing) is out of favor with the big money…the big money will take everything down…both the good & bad companies. Sell.

4) OVER CONCENTRATION IN 1 STOCK

As good as any one company or mutual fund may be, it is ***never wise*** to have all your eggs in one basket. In fact 10% should be about your maximum. Diversify.

5) BEING EMOTIONALLY ATTACHED

As much as you may love that security that you researched to death and nurtured like a child, there comes a time when its job is done – for better or worse. Again, you have to know when to take profits or reduce your losses. See Mistakes 1, 2, 3 & 4. Sell when you should and diversify as you must.

Is Not Retiring a Viable Last-minute Retirement Planning Option?

Many financial planners will tell you the best way to save for retirement is to start young and consistently put aside a portion of your salary into a retirement savings vehicle. And some people certainly do that. But if you're like many, you didn't save as much as you could, and now you're looking for some last minute options.

On one hand, you could save more. But that isn't necessarily viable. More immediate goals, such as paying your mortgage and health care bills, or helping out your children and grandchildren, may be stretching your budget.

But you’re not alone. In fact, a recent GOBankingrates.com survey found that 28% of people over age 55 have no retirement savings at all, while 26% report that they have under $50,000 saved for retirement. That’s 54% of all Americans. Yikes!

That means you may need to adjust your expectations for retirement. And one way to do that is to consider not retiring - or retiring later.

It may sound depressing, but it doesn't mean giving up lazy days with the grandchildren or being out on the golf course. You could simply postpone your retirement - or work part-time in retirement.

Postponing your retirement can significantly impact your retirement finances - not just because each year is an additional year to save money, but because there's also one less year that you'll need to live off your retirement fund. According to a report from the Center for Retirement Research at Boston College, Americans who delay retirement by just one year would increase their annual income in retirement by $1,317 to $2,402 per year, depending on whether they dip into their 401(k)s. Those who delay retirement by five years would see their annual retirement income rise by $14,888.

Working part-time in retirement also doesn't have to be something you dread. You could take part-time work as a consultant in an industry you know well, or you could pursue a career you always dreamed of - for example, working with children in a library, or helping out at the canteen on a golf course (which might also result in free tee times!).

So what are some of the other options:*

Work longer for Social Security

If you're in your 50s and still haven't put anything away for your golden years, you should consider working until at least your Social Security full retirement age -- the age at which you can receive the full Social Security benefit you're entitled to based on your work history. The later you retire, the longer you can live on earned income and build up your savings, rather than drawing those savings down in order to get by.

Social Security was never intended to be your only source of retirement income -- or even the primary source. But if you haven't amassed sufficient personal savings, then you will need to run the numbers to determine how you can maximize your Social Security benefit in order to help you make ends meet in retirement.

Go to the Social Security Administration's website, set up an account, and take a look at your expected Social Security benefit. Consider how much your check will continue to increase each year you delay filing for benefits. For each year you delay filing, your Social Security check will increase by about 8% until age 70, when your benefits will max out.

Save More

Over the next 10 to 15 years, you'll need to turbocharge your savings. Generally, a savings rate of 15% of gross annual salary is recommended for people who have decades to prepare for retirement. But if you're in your 50s and haven't really been saving, then you need to dig as deep as possible. Ideally, you'll save

30% or more of your salary in order to get your savings on track to meet your needs in retirement.

If you're unable to save that much, then try to start at 15% and look for ways to make small increases over time. For example, every time you get a raise, put it directly toward your savings contributions.

Take advantage of catch-up contributions

Now that you know how much you should be saving, let's address where you should be saving. Tax-sheltered retirement accounts can offer you current and future tax benefits. If you have an employer-sponsored 401(k) or 403(b), you can contribute up to $18,000 this year, plus a $6,000 catch-up contribution if you're aged 50 or older, for a total of $24,000. If you can max out your retirement account and possibly earn an employer match, then you'll make up for some lost time.

If you don't have a workplace retirement plan, then you can save up to $5,500 per year, plus an additional $1,000 if you're aged 50 or over, in an IRA. If you're in a position to do so, make sure you reach to get these catch-up contributions in order to bridge the gap between what you have and what you need in savings. In fact, saving the full $6,500 for the next 15 years in an account earning 5% would yield a nest egg of about $150,000.

Meanwhile, if you reach retirement with a smaller nest egg, you might consider annuitizing a portion of your savings to provide a guaranteed stream of income. (*courtesy Motley Fool)

Retirement & Life Expectancy

Don't Rely on Average Life Expectancy. Longevity, or the risk of outliving your savings, is a significant concern for many who are facing retirement today. It goes without saying that improper assumptions about life expectancy can sometimes lead to inappropriate financial planning in retirement.

So how long should your retirement savings last? Unfortunately, different statistical sources can sometimes lead to conflicting assumptions. For example, IRS publication 590 suggests that a 70-year-old is expected to live 17 years, on *average*. Are you average? Do these statistics tell the whole story?

Tables that present *average* life expectancies suggest that half of the people reaching age 70 will die prior to age 87 and half will live past age 87. So what planning horizon should you use for your financial planning?

Let's take a look at a second source of information provided by the National Vital Statistics Reports .

Attained Age	Probability of Reaching age 90
70	26%
75	30%
80	38%
85	55%

This source approaches the life expectancy question from another perspective. The information from this source suggests that while the *average* life expectancy might actually be 17 years at age 70, there is actually a 26% chance that such a person will live at least to the age of 90. Would you feel comfortable planning for just 17 years?

The probability or expectancy of living to certain ages is relevant when you make financial decisions. With this information, you can make informed decisions about your spending patterns.

For example, should you go ahead and spend more per month, given that the money under your current budget is projected to last until you are age 90? After all, you might only have a 26% chance of living past age 90 anyway? But, what happens if you live past age 90? These are the types of decisions that require careful planning.

PLANNING AHEAD FOR YOUR SPOUSE.........for when you're gone!

This is a delicate subject to write about. No one wants to have to plan for a time when we're no longer here. But as an advisor to retirees, I have a responsibility to try and help you avoid catastrophic mistakes, the results of which would be suffered by your family.

The reason I bring this up now is due to a recent meeting I had with a widow who had lost her husband a few months earlier. Because of bad advice given her by a clerk at a mutual fund company, she set in motion an event which cost her more than half of her husband's retirement nest-egg. HALF !!!! It went to the IRS in the form of taxes she **didn't** have to pay, and more than 25 years of tax-deferral that she could no longer get. This was also a tragedy.

The 2 saddest parts to this story is that a) this error could not be undone, and b) it could have been avoided. Her deceased husband probably thought that his wife would know what to do, or who to contact…but she did not. ***Or maybe, he just never thought about it at all***. Don't make a similar mistake

Below are several points that YOU need to consider in order to protect the people you love:

- Will your pension continue for your spouse? If so, at what percentage? Is that percentage enough for your spouse to live on?
- Do you have life insurance? Would your surviving spouse need life insurance money to live on?
- Only one social security benefit will be paid out. Luckily, it is the higher of the two benefits. But, does your spouse need the money from both benefits to live on?
- If you delay retirement past your normal retirement age, your social security benefit will increase by approximately 8% per year up to age 70. This would provide your spouse a higher monthly check.
- What should your surviving spouse do with your 401K? IRA? Brokerage accounts? Does your partner know what thought processes went into making certain investment decisions? Are those investments still suitable now that you're no longer here?
- Does your spouse know how to take money from your retirement plans without undue taxation? Loss of tax-deferral? Or, if s/he doesn't need the money, ways to send the money onto your children or grandchildren on a tax deferred basis.
- Will your employer health insurance be available for your spouse? How will health care be handled? How will those expenses be paid? Will long term care insurance for the survivor now be necessary?
- Should your spouse down-size the house? If so, where is the best place to move? How much should be spent on a new home?
- Are your assets properly titled? Do you have beneficiary designations on all your accounts? Do you remember who they are? Do you know where these forms are located? (DO NOT rely on your financial institution for these forms!!!! Get them in your hands)
- Are all your legal documents in order, and up to date? Will, Power of Attorney, Health Care Directive, Trusts if needed.
- Have you talked to your spouse about all these points? If not, when are you going to do it?
- Does your spouse know who you would want s/he to contact about your finances if one of you woke up tomorrow morning…and the other did not? Who do you trust to take care of the person you love the most?

DON'T WAIT UNTIL IT'S TOO LATE.