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SENIORS/BOOMERS NEWSLETTER

"THE RETIREMENT EXPERTS"

November 2018

How Do You Know When You're Out Of Invisible Ink?

Comic, Steven Wright

How do you know when this old bull market has run its last mile?

As the famous Wall Street saying goes, 'no one rings a bell at the bottom or sounds an alarm at the top'…so you'll have to keep a sharp eye for signs of when to pull in your horns.

So far October has treated us to quite a few ups and downs in the stock market! We've been on this roller coaster before, however.

Really nothing new here. October typically is a rocky month in any given year. But as I've said repeatedly, we have to stay focused on the big picture… EARNINGS. We don't buy markets. We don't buy stocks. We buy company earnings, because that is how we make money.

So far the reports for the 3rd quarter would indicate that the S&P 500 is projected to show gains of 21%. Next year may not be as good, but, for now, this is a fabulous number.

According to Bespoke Investment Group, 72% of companies have reported earnings that have topped estimates; which is the highest rate in 20 years.

As important as earnings are, however, earnings guidance is equally important. This will give us a good indication of what future quarters will look like, and hence the value of the company.

I'm especially vigilant right now in scrutinizing forward earnings because of higher input costs faced by many companies due to tariffs. The offset here is tax reductions as well as less red tape for corporate America.

The market itself has come down in price. The chart below shows that the P/E ratio is down to levels last seen in 2016.

Gross Domestic Product came in at 3.5% for the 3rd quarter…which is strong growth. Personal consumption contributed 2.07% to that number and business fixed-capital spending was 0.84%.

Also, a report that came out this morning gave us even more good economic news. Consumer confidence rose to 137.9 in September, which is the highest number in 18 years.

Looking out over the next 5 years, it's not a stretch to think this market will be considerably higher than what it is today. Corporate tax rates have been cut from 35% to 21% (the lowest level in 69 years).

Tax cuts provide incentives to companies to repatriate profits held overseas…which are estimated to be $2.5 trillion. Much of this money will find its way back into the economy.

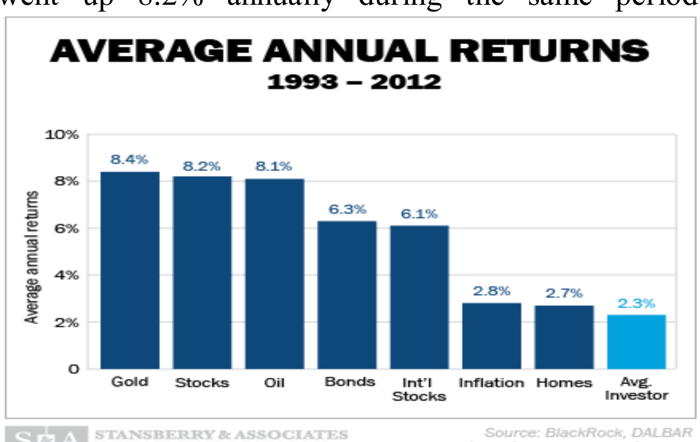
I'm not being a Pollyanna here: High levels of economic activity will result in more jobs. More jobs means a stronger consumer.

Strong consumers are good for business. The cycle is then self re-inforcing.

So, for the time being, hold steady on your course. Try to focus on the long-term BIG picture. There will undoubtedly come a time to pull in your horns, but I do not think it is today!

Newton stayed up all night puzzling the movement of the sun…then it dawned on him.

Most individual investors do not do the right thing at the right time. In a study that covered a 20-year period from 1993 through 2012, asset-management giant BlackRock found that the average individual investor earned 2.3% per year before taxes. Stocks went up 8.2% annually during the same period.



4 Simple Rules to Investing Success

1. Long term fundamentals are the cornerstone to stock selection. A company's earnings are what you are buying when you buy a stock.

2. The market moves on emotion…not on logic. In his book *How to Be Rich* , J Paul Getty wrote, 'Owners of sound securities should never panic'.

3. Al Goldman of A.G. Edwards advised to 'buy at the wake; sell at the wedding'. It pays to be a contrarian.

4. Perspective & patience pay off.

Aging in place can impact your family

Independent living is often cited as being good for one's well-being, so it's no surprise that aging in place has become so popular. Thankfully, many options in today's housing market make it possible.

Preparing for physical safety and financial security are the most immediate concerns that come to mind as we plan for aging in place. However, convenience and overall well-being should also be considered before deciding where to settle in.

Here are three housing options to weigh as you or your loved ones plan for continued independence.

1. Renovate Your Current Home
Adding front entry ramps, bath bars, sit-in tubs and other safety features may make it physically possible to stay where you are. However, renovation costs can add up quickly, especially if they're needed all at once. Home maintenance should also be factored in. Who will manage the upkeep if the property has multiple floors or a large yard?

2. Right-Size to a Manageable Floor Plan
Some may find it easier to purchase a home with barrier-free, universal design rather than deal with

the stress of home renovations. Moving closer to family and friends can also help to prevent social isolation or depression.

3. Buy a New Home With Family Members. Floor plans for multigenerational homes are often designed with individual privacy in mind while allowing family to be nearby. Sharing home maintenance costs also minimizes living expenses. And this is an excellent way to help family members enter into homeownership.

Aging in place requires thoughtful preparation. Get in touch today with a trusted financial adviser to begin this journey. You can also reach out if you're interested in learning about your home's value or finding a new property.

Best States for Retirement

If your retirement plans include sipping a Mai Tai on a warm sandy beach, consider a ranking of best states to retire before you make those plans.

The 50 U.S. states vary in their ability to support residents in retirement, and Americans seem to be aware of this: 47 percent say they are considering moving to a different state after they retire, according to a 2017 Bankrate survey.

To help people shop for a retirement domicile, Bankrate analyzed all state and ranked their ability to provide the services, economy and tax policies most beneficial to people in retirement.

Bankrate used government and expert sources to compare states, and considered the needs for a life of retirement. The survey analyzed and ranked the cost of living, taxes, health care quality, weather, crime, cultural vitality and well-being.

These, according to Bankrate, are the best states, in ascending order, to retire in:

10. Mississippi

The cost of living score ranked highest among all the states. Also, the weather and proximity to beaches makes Mississippi a viable option for retirees.

9. Nebraska

For retirees, Nebraska was rated 12th highest for health-care quality. Weather, culture and taxes were rated in the middle of the pack.

8. Wyoming

Wyoming ranked favorably in taxes and crime. Weather ranked 46th, while it ranked 28th for cost of living.

6. (Tie) North Carolina

The state has a coastline with plenty of beaches, but the state ranked just below the top 10 for cost of living, taxes, weather and well-being.

6. (Tie) Montana

Retirees will enjoy that there is no sales tax in the state. Montana ranked in the top 10 in culture and well-being.

5. Florida

Low taxes and great weather are ideal for retirees, but the health-care costs can be high.

4. New Hampshire

The Granite State is the safest place to live on the list, plus it offers excellent health care and low taxes to its residents.

3. Idaho

The Gem State is affordable and safe, but carries a heavy tax burden. Idaho has a good health score and a top 10 well-being ranking, but the weather ranked in the bottom 10.

2. Utah

The Beehive State finished six spots behind the top-ranked state for cost of living, according to Bankrate. It was also only one spot behind for overall crime rate, eight for well-being, six for taxes and five for cultural vitality. It won out for health value by two and weather by six, Bankrate said..

1. South Dakota

South Dakota ranked highest for its well-being score, which has been in the top six since 2013. The state has no income tax and it scored favorably for its health-care value. For outdoor enthusiasts, South Dakota has Badlands National Park, Custer State Park and Mount Rushmore.

CLOSE ONLY COUNTS IN HORSESHOES, HAND GRENADES AND...GARLIC BREATH. THE RULES YOU MUST KNOW ABOUT MEDICARE

With more and more retirees getting involved with Medicare for the first time, we are beginning to see some critical mistakes being made. Being close to following all the rules will not cut it. The government can be very unforgiving.

λ Unless you're already receiving Social Security benefits, you will need to apply for Medicare. They are not going to call to remind you.

λ So that you do not incur late penalties, be sure to enroll at age 65. These penalties are PERMANENT. You must enroll in Medicare Part A, but that's not a problem. It's free. This part of Medicare covers inpatient hospital bills. Part B is a little more complicated.

λ A very common error people make is not applying for Medicare part B at age 65 because they are on employer health benefits or COBRA. This is a BIG mistake. (Part B covers outpatient medical bills like doctors, labs, etc).

Your company retirement health insurance after age 65, is secondary to Medicare. That means your doctor or lab must send their bill to Medicare first, and what they don't pay, your company plan will probably pick up. If you do not have Part B in place, your insurer can, and often does, refuse the bill.

If you are retired, you have 3 months before your 65th birthday…your birthday month…and then 3 months after your birthday month to make your application.

If you continue to work after age 65 and are covered under a company plan, you can delay signing up for Part B until you leave the job. At that point you ***<u>must</u>*** enroll in Part B within eight months, which is known as the 'special enrollment period'.

If you miss this eight month window you could find yourself uninsured for many months; have to wait for the next enrollment period which is January 1st through March 31st ; then take the effective date of coverage which is July 1st….and incur a permanent penalty of 10% of your annual Plan B premium – forever.

λ If you haven't worked long enough to qualify for Medicare, you may still be able to enroll on your spouse's (or ex-spouse) record.

λ You cannot be denied coverage because of poor health.

λ Medicare Part D covers prescription drugs. If you have what is known as 'credible drug coverage' (which means it's as good as the Medicare coverage) you will not have to enroll in Part D at age 65. Once you lose credible coverage you have 2 months to apply for Part D…or, you guessed it… face another penalty.

λ I won't get into Medicare Part C here (also known as Medicare Advantage), but this is another option available to those over age 65.

λ To sign up for Medicare call 1-800-772-1213 to get an appointment at the center or even over the phone.

λ One last note is that the rules are forever changing and we may still see substantial changes over the next two years. If you're unsure, be sure to check.