

RETIREMENT *IN* SIGHT

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MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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"We all have big changes in our lives that are more or less a second chance."

- Harrison Ford

GOLF TIP

Stopping topping

Why do golfers top shots? Usually, this results from ball position (the ball is placed too far forward in the stance) or breaking the wrists too early (before impact).

Sometimes a golfer is afraid to take a divot. Simply putting the ball in the middle of the stance and practicing a nice, even tempo with the swing will often cure the problem.

BRAIN TEASER

Seconds, Please!

What was the date and time exactly one million seconds into the year 2016?*

DID YOU KNOW?

A girl struck out Ruth & Gehrig

In 1931, the Chattanooga Lookouts (double-A farm team of the New York Yankees) signed 17-year-old Virnett Beatrice "Jackie" Mitchell to a minor league contract. On April 2 of that year, the sidearming lefty struck out Babe Ruth and Lou Gehrig on a total of seven pitches in an exhibition. Commissioner of Baseball Kenesaw Mountain Landis banned her from the sport a few days later, stating that baseball was "too strenuous" for women.⁶

HOW LONG WILL YOUR MONEY LAST?

Assume you will live to be 90. It could happen: the Social Security Administration thinks that about 25% of today's 65-year-olds will live to age 90 or longer. Will your savings be able to last that long?¹

As T. Rowe Price's retirement calculator indicates, if you retire at 65 with \$500,000 in retirement savings split between equities and bonds, there is about an 80% chance that your savings will last until age 95 if you draw them down by \$20,000 (or its inflation-adjusted equivalent) annually. If you move from that 4% yearly withdrawal rate to a 5% annual withdrawal rate (initial withdrawal of \$25,000, then gradually adjusted upward), the odds of outliving your money in 30 years rise to 50%. If you start with a 3.5% annual distribution (\$17,500) from those savings, then the chance of outliving your money by age 95 shrinks to about 10%, even with the distribution increasing in light of consumer prices.²

If you retire at 70 (which could be unlikely), then that \$500,000 in savings would have about a 90% chance of lasting 25 years using an inflation-adjusted 4% withdrawal rate under the above conditions. (As for the invested savings, T. Rowe Price assumes annual returns of 4.9% for equities, 2.2% for bonds, and 1.4% for short-term bonds.) These are very basic calculations, not a guide by any means, but they do provide food for thought about what we can live on annually in retirement in addition to Social Security and other potential income sources.^{2,3}

THINKING OF SNOWBIRDING?

Retirees who want to live in warmer climes for part of the year need to consider some monetary factors before starting out. Property upkeep, for one – Sun Belt homes have lawns and landscaping that grow year-round. Taxes, for another – what do you have to do to qualify for residency in a state with a more favorable tax code?

You should make documents pertaining to your northern residence and your southern retreat (or your RV) easy to find, anywhere and anytime. The cost of utilities, association fees, and travel may make snowbirding less attractive. It can be fun, but you may want to "rent" the experience before you "buy" it.⁴

ON THE BRIGHT SIDE

The S&P 500 is facing some sizable headwinds in the opening quarter of 2016, but its long-term performance affirms the value of time in the market rather than trying to time the market. In 39 of the past 50 years, the index has advanced.⁵

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*** TRIVIA ANSWER: Stumped? Contact me for the answer! 614-842-6090**

CITATIONS.

1 - ssa.gov/planners/lifeexpectancy.html [2/10/16]

2 - money.cnn.com/2016/02/10/retirement/retirement-savings-last/ [2/10/16]

3 - troweprice.com/ric/ricweb/public/ric.do [2/10/16]

4 - money.usnews.com/money/retirement/articles/2015-12-31/5-finance-tips-for-future-snowbirds [12/31/15]

5 - tinyurl.com/hbtcf6 [1/19/16]

6 - todayifoundout.com/index.php/2012/07/there-once-was-a-17-year-old-girl-who-struck-out-babe-ruth-and-lou-gehrig-back-to-back/ [7/12/12]