

RETIREMENT *IN* SIGHT

Presented by Matthew Jehn, CFP

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

JUNE 2016

“One act of real usefulness is worth all the abstract sentiment in the world.”

- Anne Radcliffe

GOLF TIP

Get the broom out

If you start topping the ball either because you are a beginner or because you have a negative “muscle memory” associated with taking deep divots, this exercise can help. Every day, take 10 golf swings with a kitchen broom. Focus on brushing the bristles against the floor and reaching and extending your left arm on the follow-through.

BRAIN TEASER

The Apple Wrapper Riddle.

A shop sells apples for \$1 each. Each apple comes wrapped in a special wrapper. You can trade 3 wrappers for 1 apple. If you have \$15, what is the maximum number of apples you can buy?*

DID YOU KNOW?

In the 1800s, aluminum was actually worth more than gold

Back then, it was a precious metal: coveted for its light weight, yet very difficult to produce. In 1852, usable aluminum was worth the equivalent of \$1,200 a kilogram in today’s terms. By 1900, new and easy ways of creating aluminum had emerged and a kilogram of it cost less than a dollar.⁵

RETIRING WITH A COMFORTABLE LEVEL OF INCOME

In retirement, your level of income directly affects your quality of life. How can you effectively give yourself more spending power?

From a portfolio standpoint, you can focus on income-producing investments. When you start planning for retirement, you invest with an emphasis on growth. As you transition to retirement, growth remains important – but you also need to seek investments that can potentially create ongoing income streams. In addition, you can plan to make your portfolio more tax-efficient. Too many investors pay too little attention to this factor and leave money on the table.

New retirees sometimes spend more per month than they anticipate. Retiring with an income plan outlining how much money you really need and where it will come from may help you avoid this shock. Longevity and inflation will certainly come into play. The Social Security Administration says that today’s average 65-year-old can expect to live until his or her mid-eighties; about a quarter of 65-year-olds will live past age 90. So across a 20-year retirement, your income must grow significantly to maintain your standard of living, even if inflation proves mild.^{1,2}

HOW MUCH DO WE REALLY KNOW ABOUT ELDERCARE?

As a society, perhaps not as much as we should. In a new Associated Press/NORC poll of Americans 40 and older, 38% of those surveyed said they expected to depend on Medicare “quite a bit” or “completely” for long-term care. In truth, most long-term care is non-medical and Medicare will not pay for it. Just 20% of respondents had any form of long-term care coverage.

While 77% of survey respondents said they would want to be cared for at home if eldercare was necessary, only 18% thought they would turn to family members or friends for no-cost eldercare. The reality is different. By the estimate of the Department of Health & Human Services, unpaid caregivers deliver roughly 80% of in-home eldercare. More states may be ready to give these caregivers a financial break. Right now, California, New Jersey, and Rhode Island are the only states mandating employers to offer them paid leave – but New York will join the list in 2018, and 19 other states are considering such legislation.³

ON THE BRIGHT SIDE

You may spend less during retirement than you think you will. According to an analysis in the *Journal of Financial Planning*, households headed by 65-year-olds that spend \$100,000 a year typically reduce their expenditures 20% by age 80.⁴

Matthew Jehn, CFP may be reached at
614-842-6090 or matt@royaloakfinancialgroup.com
www.royaloakfinancialgroup.com

Fee-based financial planning and investment advisory services are offered by Royal Oak Financial Group a Registered Investment Advisor in the State of Ohio.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty.

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

CITATIONS.

1 - forbes.com/sites/joeljohnson/2016/05/02/four-strategies-to-maximize-your-retirement-income/ [5/2/16]

2 - ssa.gov/planners/lifeexpectancy.html [6/9/16]

3 - nextavenue.org/expectations-long-term-care-match-reality/ [6/3/16]

4 - cnbc.com/2016/05/26/retirement-spending-good-news-at-last.html [5/31/16]

5 - todayifoundout.com/index.php/2014/05/aluminium-cost-gold/ [5/13/14]