

# LET'S TALK MONEY<sup>®</sup>

May/June 2018

## Disciplined Investing

What can you do when stock prices are volatile? That depends on your goals, how much risk is appropriate and when you'll need to begin tapping funds. For many people, asset allocation anchors a disciplined approach to help them maintain a panic-free investment strategy, while dollar cost averaging may help to ensure this level-headedness continues.

### Portfolio Makeup

If you haven't figured out an asset allocation that works for you, consider doing so as soon as possible. Your asset allocation should provide a balance of risk versus potential reward that fits your risk profile, time horizon and goals.

### Rebalancing

Equally important as determining asset allocation is rebalancing your portfolio periodically so that your asset allocation remains true. If your goals should change, you might consider altering your allocation in response, but stay the course otherwise. Understand that the more volatile the market is, the more likely your mix of stock, bond and money market mutual funds\* may become unbalanced. Rebalance if this happens.

Keep an eye on your investments, but don't obsess over them.

### Dollar Cost Averaging

One way to keep to your investment strategy and maintain the right mix of investments is to use dollar cost averaging\*\* to purchase new shares

of a chosen investment. When you use dollar cost averaging, you buy the same dollar amount of shares, which means you buy more of an investment type when prices decline and fewer when prices increase.

### Stay on Track

If you have a long-term investment horizon, the right asset allocation and dollar cost averaging can help you stay on track.

*\*You should consider the fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.*

*\*\* Investing regular amounts steadily over time (dollar-cost averaging) may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets.*

*Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.*



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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.



Standard Version

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# Retirement Expectations vs. Reality

According to the financial services industry organization LIMRA, retirees were more likely to say that basic living expenses were higher than anticipated than they were to say that these expenses were lower than anticipated.

## This is Real

The LIMRA Secure Retirement Institute found in an early 2017 survey that six in 10 retirees who said their basic living expenses were significantly higher than expected weren't confident they could enjoy the lifestyles they'd planned. But retirees found creating a formal retirement document helped them better gauge their retirement expenses. In the same survey, about seven in 10 with a formal written plan say discretionary expenses are about the same as expected, while half of retirees without any plan said the same.

EXPECTATION REALITY

# Four Retirement Saving Truths

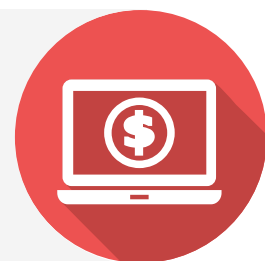
With so much information floating around about retirement, it can be hard to separate fact from fiction. No matter where you are on your journey toward what you hope is a financially stable retirement, consider these four truths:



## Social Security payments won't make you rich.

Just because this government benefit comprises a major portion of retirees' income doesn't mean it's a lot. In 2017, the average monthly benefit for retired workers was only \$1,369.

**Saving early is best.** Time and compounding potentially make a significant impact on Americans' retirement income. Simply put, the earlier you begin and maintain a savings plan, the more you'll potentially accumulate for retirement.



## Living expenses may still be high.

When you stop working, related expenses will disappear. But other expenses, including vacations — because you have more time to take them — and medical expenses, may cost more than during your working years.

**Uncertainty is certain.** Will taxes rise? How about the cost of Medicare and related medical expenses? Will you outlive your retirement income? These and other challenges can put a crimp in your retirement plans.



## Prepare Now

What do you do? For starters, save early and save regularly. If you have access to a company 401(k) plan, contribute as much as the plan allows. If you can't save the maximum, save anything, especially if your employer matches your contributions. If you don't have a company plan or you want to contribute additional funds toward retirement, check out a traditional or Roth IRA.

As you near retirement, work to pay off as much debt as possible, especially high-interest credit cards. And work with a financial professional to prepare as best you can.

# Prepare for Almost Anything

Even the most prepared people can't predict when an expensive surprise will come their way or how much it will cost. You can, however, prepare financially for the unexpected by creating an emergency fund to help meet surprise expenses.

## Financial Emergencies

We have all experienced the shock of a big expense. For example:

- The car won't start and you learn it needs \$800 worth of work.
- The furnace breaks down and you have to choose between a \$5,000 replacement or a cold winter.
- Your company is struggling financially, and you find yourself in the unemployment line.

Unanticipated surprises like these can affect your budget in varying ways. An emergency fund may help you get through the rough spots.

## Funding the Fund

There are two basic ways to accumulate an emergency fund. First, deposit any financial windfall into

the fund. If you receive a bonus from your employer, an unexpected commission or a tax refund, sock it away in the emergency fund. You won't miss what you didn't have before.

In lieu of a windfall, find a little bit of money to save regularly and put it away. Aim for three to six months of expenses as a target. This discipline can help you build your emergency fund sooner than you might think.



# Have Travel, Save Money



Summer is traditionally when we find time to kick back, take a vacation and enjoy the weather. This season can also take a bite out of your budget. Here are a few tips to help you not break the bank this summer.

## Ways to Save

- If you plan to travel by air, consider off-peak hours and flexible travel dates. Both could save you a sizable sum.
- If you're staying home this summer, suspend your gym membership for a couple of months and bike, hike and exercise outdoors instead.

# Too Good to be True

As college debt soars, so do the number of scams trying to separate you from your money. The Federal Trade Commission, several states and the District of Columbia are cracking down\* on deceptive student loan debt relief scams. If you have student loans, it pays to beware.

## Know their Tricks

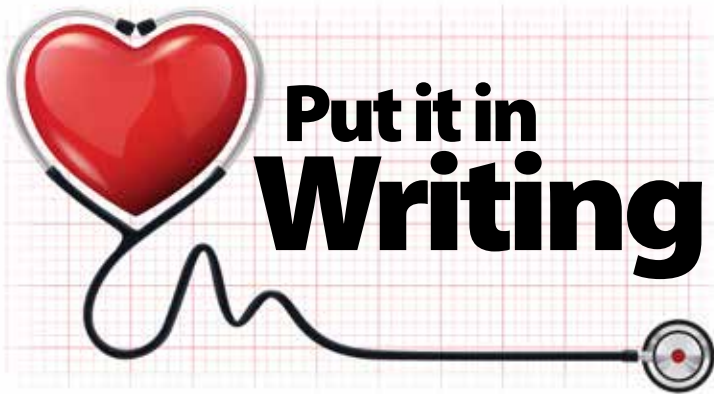
Scammers can duplicate government seals, making their emails look official. Among their false promises is their claim of fast loan forgiveness if you pay an upfront fee. First, no legitimate student loan lender will ask for that fee for debt relief. It's illegal. Second, no one can offer immediate loan forgiveness.

Check for the authenticity of anyone claiming to be from the Department of Education. Delete the emails and hang up on phone calls from pretenders. The department and legitimate private lenders offer ways to make paying back student debt easier.

\* Federal Trade Commission "Game of Loans: The stark truth about student loan 'debt relief' claims" by Lesley Fair, October 13, 2017



- Buy a grill and outdoor furniture at the end of summer, when clearance prices are likely to dominate.
- Keep your blinds and curtains closed during the sunniest part of the day. This will lessen the load on your air conditioning.
- Raise your AC thermostat a degree or three. This simple step will add up in savings over time.



## Living Will

A living will is a legal document in which you dictate how you want medical professionals to treat you in different health instances. For example, if you are permanently unconscious or dying, this document may instruct others not to provide life-sustaining treatment, such as a ventilator or feeding tube.

Few decisions are as life-altering as the ones included in a living will, so talk to family about any action you want to take before creating and signing this legal agreement.

## Healthcare Proxy

Although they have different names, a healthcare proxy and durable power of attorney for health care are the same. Each is a legal document in which you appoint a person to make medical decisions on your behalf when you are not able to make them on your own.

Because you are entrusting major medical decisions to the person named as the healthcare proxy, this person should fully understand your wishes up front. You may also want to choose an alternate proxy, in the event the primary proxy is unavailable.

## Key Considerations

In addition to these healthcare-related documents, you might consider drawing up a will and a durable power of attorney for financial reasons. Combined, these documents can serve as the foundation of an estate strategy that meets the needs of you and your loved ones.

While many people understand the need for a will and a financial power of attorney, it's easy to get confused about advance directives, living wills and healthcare proxies. Where do they differ? Do you need one or all of them? While the terminology can be confusing, the following information can give you some clarity.

## Advance Directives

Living wills, healthcare proxies and healthcare powers of attorney are all types of advance directives, which are legal documents that allow you to spell out your decisions about end-of-life care ahead of time. They give you a way to tell your wishes to family, friends, and health care professionals and to avoid confusion later on. The terminology differs by state. Some states offer forms you can fill out for these directives, but others either require or allow you to create your own. Talk to a qualified estate planning attorney for help.

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## **REVIEW LETTER**

1. 2018 LTM MayJun FINRA Standard  
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5 Pages

The material submitted appears consistent with applicable standards.

Reviewed by,

Brian L. Finnell  
Associate Principal Analyst

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