LET'S TALK
MONEY®
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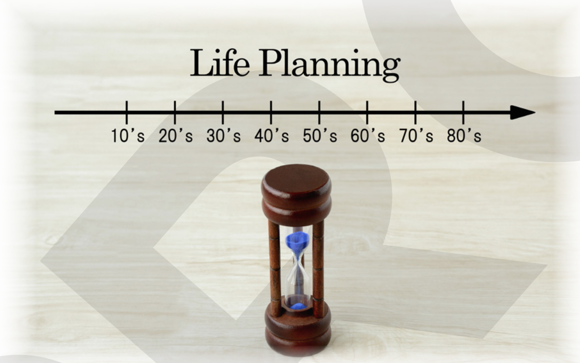
Retirement: How Will You Know If You're Ready?

For older generations, choosing a date to retire was a lot less complicated. When you turned 65, you typically said good-bye to your coworkers and left work behind. Today, many people stay in the workforce past age 65. If you're nearing retirement age, answering a few questions may ensure that you're adequately prepared for the future you want.

What's Your Timeline?

You may enjoy your job and want to keep working for several more years. Or you may want to retire early so you can travel or pursue hobbies or move closer to family or friends. Figuring out your timeline is the first step in preparing for retirement. Remember, though, that health issues, layoffs, or inadequate savings may cause you to retire sooner or later than you planned.



What Will Your Budget Look Like?

Figuring out how much you'll spend during your retirement years can be challenging. Look at each item in your budget and estimate how much of your retirement income it will take. Some items, like commuting costs, probably won't appear in your retirement budget, but others, such as travel or hobbies, might take their place.

Where Will the Money Come From?

How much of your retirement income will come from Social Security, personal savings or a pension? The more income you have from these sources, the less you'll have to withdraw from your portfolio. If you plan to work after you retire, estimate the amount you can reasonably expect to earn.

What About Health Insurance?

If you're 65 or older, Medicare will be your primary health insurance once you're retired. However, you'll probably want to purchase a supplemental insurance policy to help with costs that Medicare doesn't cover, so include the monthly premium amount in your planning.

Have You Considered Taxes?

Remember that all investments aren't the same when it comes to taxes. Consider the tax treatment of your particular investments when you're estimating your expected income.

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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.

Retirement Version

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The Banking Dilemma

Is a traditional bank or an online bank the best choice for you? It may depend on the features that are most important to you.

Traditional Banks

Brick-and-mortar banks have been a banking mainstay for many years. They offer in-person banking and personalized customer service and the convenience of having multiple branches and ATM locations within a short distance of your home.

Traditional banks typically offer a variety of checking and other accounts, and many have budgeting tools that can help you track spending. Most have mobile and online banking options for monitoring your account, transferring funds, paying bills, and depositing checks with your phone or other device.

However, traditional banks do have a few drawbacks. Because of higher operating costs, they generally offer lower interest rates than online banks. Accounts may also have maintenance costs, high overdraft charges, and out-of-network ATM fees that you'll want to consider.

Online Banks

With an online bank, you set up and manage your accounts on your computer or mobile device. Their low operating costs generally mean few or no fees. Online banks typically offer higher interest rates since they have no branches to maintain. And, your account is accessible around the clock, so you can transfer funds, pay bills, or deposit checks at any time of the day or night.

The drawbacks of an online bank: Customer service is strictly over the phone, so if you have an issue with your account, you may have to speak with several people before it's resolved. Online banks may also offer fewer account options than traditional banks. And keep in mind that cash may be hard to deposit since there are no branches.

A Presidential Proclamation designates May as the month for honoring older people in our communities. It can also serve as a reminder to ask older relatives about their health and finances. Consider talking with loved ones about:

Estate Planning

At a minimum, make sure your relative has a will and up-to-date beneficiary designations on retirement accounts and insurance policies.

Long-term Care Insurance

Most people will require some form of care as they age. Long-term-care insurance can help pay the high costs.

Will, Health-care Proxy and Durable Power of Attorney

These documents, respectively, specify end-of-life treatment and appoint someone to make medical and financial decisions when a person is incapacitated and can't make these decisions on his or her own.

Downsizing

Moving into a smaller home or apartment or one without stairs encourages older relatives to clear years of clutter and can make upkeep easier to manage.

On Their Own

Student loan debt, job loss during the pandemic, or even fear of being on their own are some of the reasons why many young adults decide to live with their parents. Here are some steps you can take to get your child started along the path to independence.

Decide on a Timetable

Ask your child what he or she thinks is a realistic time frame for moving out. By agreeing on a date in advance, your child may be more likely to adhere to it. Knowing there's a date when the arrangement will end might help all of you to make the best of the situation.

Give Budgeting Lessons

Now is the perfect time to discuss the steps involved in creating a budget. Ask your child to track spending for a few weeks. Your child's current expenses might include car insurance, student loan payments and cellphone plan costs. But, in the future, your child also will need to budget for items such as rent, utilities, and food. Banking websites often have good information about budgeting, so suggest that your child check them out.

Encourage Automatic Savings

Your child should have money from each paycheck automatically transferred to a savings account. Doing so can provide the cash needed to rent an apartment and start an emergency fund.

Offer to Match Funds

Provide an incentive to leave the nest by offering to match any money your child saves while living at home.

Balance Transfers and Your Credit Score

Eliminating credit card debt is always a good plan. But accumulating interest can make it difficult to pay off your balances, especially if you're making only minimum payments.

Consolidating credit card balances on a new card with a low promotional rate can save you money. And having a single monthly payment may be easier to manage.

What effect will a balance transfer have on your credit score? A lot depends on you. Here are some tips for consolidating credit card debt that will potentially boost your score.

- Calculate the monthly payment you'll need to make to pay off the balance before the introductory rate ends.
- Don't cancel your old cards. In addition to eliminating your credit history, closing accounts reduces your available credit. Both can have a negative impact on your credit score.
- Avoid charging purchases to your old cards unless you can pay off the balance each month. People often fail at debt consolidation because they run up new debt.

Young Adults Living at Home During the Pandemic

Since the pandemic began in the U.S., the percentage of young adults ages 18-29 living with relatives has become a majority. The numbers surpass the previous peak that occurred during the Great Depression.

Percentage of adults ages 18-29 living with one or both parents

FEBRUARY 2020 — 47%

JULY 2020 — 52%

INCREASE OF 2.6 MILLION

Percentage of adults ages 18-29 reporting that someone in the household has been laid off or taken a pay cut — 54%

Highest percentage of young adults living with parents before 2020 — 48% DURING THE 1940s

Pew Research Center September 24, 2020

Investing at Every Life Stage

Over your lifetime, you'll have many goals to save for. Some will be shorter-term, while others, like retirement, will continue throughout your working years. No matter where you are in your investing journey, prioritizing your goals and assessing your progress are essential steps.

Your Early Career

When you're in your 20s and 30s and just starting out, you'll probably have multiple goals competing for limited dollars. But you'll also have an advantage: a very long investing time horizon. At this stage, focus on laying down a solid financial base. Your priorities should include:

- Paying off student loan debt.
- Saving six-to-twelve months' worth of living expenses in an emergency fund in case of a job loss or an unexpected bill. You'll need an emergency fund at every life stage.
- Saving for retirement. By starting early in your career, you'll have many years to benefit from the potential growth of your savings. Your long time frame generally means you can take more risk with your investments.

At the Midpoint

During your 40s and 50s, you might have competing goals: saving for your children's college *and* your retirement. Keep in mind that you'll need to save more for retirement than for any other goal that you have. If your retirement plan allows, take advantage of automatic contribution increases whenever you get a raise. At age 50 and older, you can also make annual catch-up contributions. Mid-career is an appropriate time for you and your financial professional to assess your progress toward achieving your goals and make changes if you're not on track.

In the Final Stretch

Once you reach your 50s and 60s, your children may be out of college and on their own. Pumping up your retirement savings by building assets in brokerage or other non-retirement accounts can provide flexibility when you're ready to start living off your assets. Reduce your risk by holding a portion of your portfolio in lower risk investments to avoid selling stocks when values are down. But be sure to keep a portion of your portfolio in equity investments to provide a cushion against inflation.

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Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 11, 2021

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Link Reference : FR2020-1009-0093

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1. LTM MayJune 2021 Retirement

   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Associate Principal Analyst

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