LET'S TALK MONEY®

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If you and your spouse aren't coordinating your retirement investing strategies to complement each other, you may be inadvertently working against each other — and possibly sabotaging your future retirement independence.

The big picture

You and your spouse may each have an account with your current employer's retirement plan and, possibly, accounts with a former employer's retirement plan. You may also have individual retirement accounts (IRAs) and personal investments. All of these accounts together are potential sources of retirement income. If you're investing sufficient amounts, you may assume you're doing everything you can to meet your retirement goals.

What's the problem?

Because spouses generally have separate retirement plan accounts, they tend to invest their account contributions according to their own risk tolerances. This approach may endanger your future retirement security if both you and your spouse are overly conservative or overly aggressive investors.

Why? Your combined retirement resources may wind up being invested too conservatively to produce the growth you may need to achieve your overall retirement goal. Conversely, together you may be taking on too much risk for your retirement time frame to realize the retirement security you want.

Joining forces

Working together doesn't mean you have to give up investing individually. You just need to develop an overall strategy for meeting your joint retirement goals. Your financial professional can review your current asset allocations* and help you and your spouse decide on a combined allocation for your retirement investments.

Then, you and your spouse can choose the investments you're most comfortable handling. If, for example, you like stock investing and your spouse doesn't, you might invest mostly in stocks, while your spouse invests primarily in fixed income investments. Coordinating your investments all along the way can help you reach retirement independence — together.

** Asset allocation does not guarantee a profit or protect against losses.*

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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.

Meaglia Financial Consulting is a full-service comprehensive financial consulting and investment advisory business. For 35 years, Tom has been helping clients with financial coaching, investing for retirement, and estate planning.

Vacation? Or Staycation?

Staycations — home-based vacations — became popular during the Great Recession of the early 2000s. But the concept isn't new. Even in good economic times, family budgets frequently don't have enough "stretch" in them to cover out-of-town vacations for the whole family (at least not without running up a credit card balance or two).

If you can easily afford to take a vacation, that's great. Go for it and have fun. But if money is tight or you're putting your extra cash toward one or more financial goals, then a staycation might be just the thing.

Many advantages

Staycations offer several advantages. The biggest is the money you'll save by not driving or flying to a vacation destination. Eliminating travel will also add hours, days in some cases, to the amount of time you have to actually be on vacation. You won't have to spend money on lodging, either. If you have pets, you won't have to arrange for care. And you can't forget to pack something important because there's no packing involved!

Some dos

Attitude is very important. If you spend the week resenting the fact that you're not on a beach in the Caribbean, you're not going to enjoy a staycation. But if you're ready to make the most of it, here are some tips.

Plan your hometown vacation the same way you'd plan an out-of-town vacation. Pretend you're a tourist. Go see some sights and do some things you've never done before. Camp out in your back yard. Since you're not spending money on travel and lodging, go ahead and splurge on something either for yourself or for the whole family. Try out a new restaurant or two. Book an overnight at an upscale hotel.

And some don'ts

Make your staycation feel more like an out-of-town vacation by avoiding your usual routine. Sleep in. Stay up late and watch movies. Go out for breakfast. Avoid doing things around the house. It doesn't matter how badly the garden needs weeding or the windows need washing — you're on vacation. If at all possible, avoid doing anything related to your job, including taking phone calls, answering e-mails or showing up at the office for an hour or two.

Another alternative

If you don't think a weeklong staycation will work for you, perhaps you'd be better off taking several *daycations* instead.

By the numbers:

AVERAGE HOURS PER DAY AMERICANS SPEND

Source: *2013 American Time Use Survey*, Bureau of Labor Statistics

29649

Ditch Debts Faster

If you're serious about paying off a loan or credit card balance, making extra payments will help speed things up. Even small amounts can make a difference.

If you have more than one debt to eliminate, start making extra payments on the one with the highest interest rate. If you're paying down a loan, make sure there are no prepayment fees or penalties. Also, make sure your extra payments are applied to the principal, not interest.

When one debt is paid off, start paying extra on the next one. In the meantime, always pay the minimum amount due by the due date on all outstanding loans and credit card bills.

"No" Is the Way To Go

If you think the only way to achieve financial success is with a winning lottery ticket or a six-figure salary, you're mistaken. You can do it by setting a goal, staying focused and learning to say "No."

You may want it . . .

There are plenty of things you may be tempted to purchase. And while it's exciting to buy the latest device or pair of boots, the feeling is often short lived, especially if you didn't really need the item you bought. Plus, as soon as the *next* newest thing comes along, that purchase is old news.

But you don't need it

Having a goal is a strong motivator. It gives you a reason to resist buying things you don't need. And the satisfaction of making progress toward and achieving your financial goals far outweighs the temporary pleasure you may get from splurging.

Thoughts on Being Independent

It's a big deal when kids leave home and live independently. As a parent, you can't possibly teach them everything they'll need to know to be successful. Besides, making mistakes will help them learn and grow.

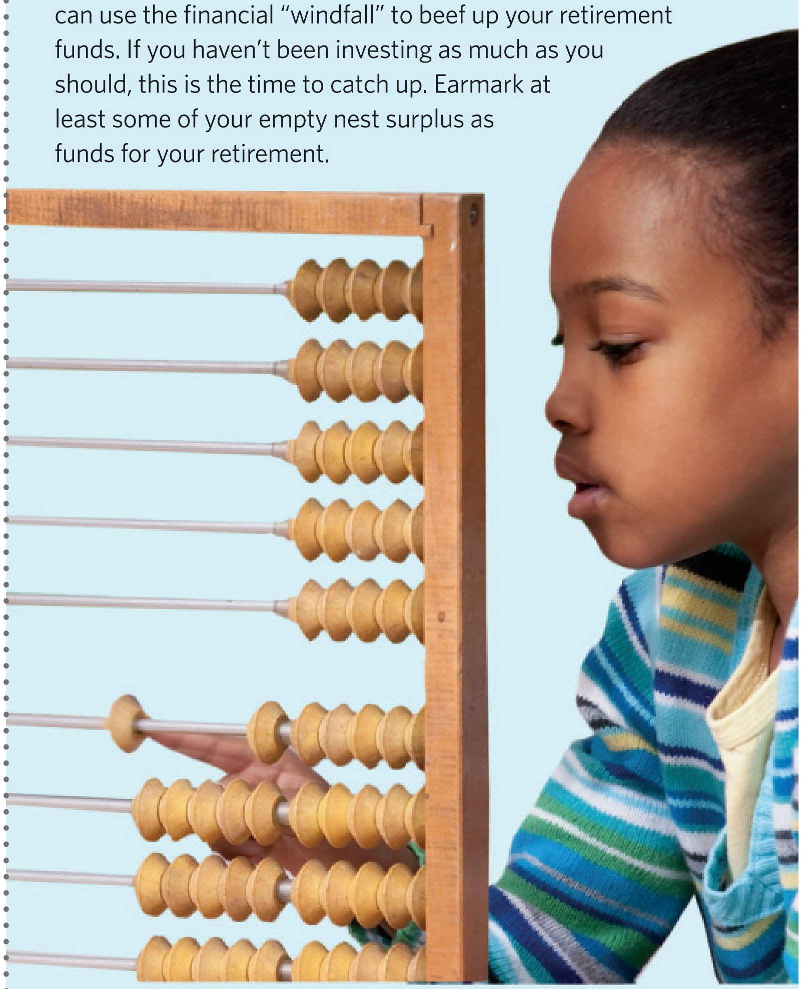
Lessons for your children

But there are some lessons you can — and should — teach them about being financially independent.

- Be open about money. Talk about age-appropriate financial issues with your kids as they grow up.
- Have your kids handle their own finances. Give them more responsibility over their money as they get older.
- Talk about financial goals. Even young children can learn to set goals and achieve them.
- Discuss risk. Older kids should understand the importance of having an emergency fund to cover unexpected expenses.

And one for you

Once the kids are gone, it's time to reset your financial priorities. When you no longer have the expenses of raising a family, you can use the financial "windfall" to beef up your retirement funds. If you haven't been investing as much as you should, this is the time to catch up. Earmark at least some of your empty nest surplus as funds for your retirement.



LET'S TALK RETIREMENT

Q. The materials I received when I enrolled in my employer's retirement plan talk about factoring in inflation when I'm setting my retirement goals. Inflation has been so low in recent years. Is that really necessary, and if so, what do I need to consider?

A. You might be surprised at how much even modest inflation could affect the amount of assets you'll need at retirement to maintain your preretirement standard of living. Take a look at our table. Assuming 3% annual inflation,* that car you just bought for $18,000 could have a $32,510 price tag in 20 years.

Figuring out how to account for inflation when you're setting your retirement goal is tricky. You'll need to consider:

- Your projected retirement date
- How long you expect to be retired
- Future pay increases
- Inflation over the years from now until retirement
- Inflation during your retirement years

Your financial professional has tools he or she can use to help you set a retirement goal that accounts for future inflation and can help you determine how much you need to invest to achieve that goal.

* Approximate average annual inflation over the past 30 years as measured by the Consumer Price Index — All Urban Consumers

The price of inflation	Now	10 years	20 years	30 years	40 years
One movie ticket	$8	$11	$14	$19	$26
A pair of plain jeans	$30	$40	$54	$73	$98
A cart of groceries	$200	$269	$361	$485	$652
Monthly rent	$900	$1,210	$1,626	$2,185	$2,936
New car	$18,000	$24,190	$32,510	$43,691	$58,717

Prices are rounded to the nearest dollar. Assumes 3% annual inflation. Prices vary and the annual inflation rate may be higher or lower than 3%.
Source: DST, 2014

We Value Your Input...

Your feedback is very important to us.
If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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