LET'S TALK MONEY®

September/October 2016

Are you one of those people who dreams of retiring early? Or would you rather push off retirement as long as you can? Unfortunately, the decision to retire early isn't always in your hands. If you lose your job or become ill, your retirement date can come sooner than you had hoped for. Whether you want to or have to, taking the following steps can help you prepare for the possibility of an early retirement.

Ready or Not — You May Have To Retire Early

Start investing now

The earlier you stop working, the longer your retirement is likely to last. As of 2011, the average life expectancy of a 55-year-old American was just over 27 years.* The reality is that you may need to accumulate enough savings to provide for a retirement that lasts more than 30 years. By starting to invest now, you'll have a better chance of having the funds you'll need when you retire.

Curb your spending

Do you really need the latest cell phone? What about the latte you buy every morning? Taking control of your spending is a great way to find more money to invest for retirement. It also can help you accumulate assets to meet unexpected retirement expenses, such as increased health care costs. Keeping your financial goals in mind may help you make wiser spending decisions and leave room in your budget to invest more.

Pay down debt

Eliminate as much debt as you can. Carrying a balance on your credit cards means you're likely paying interest. If you're only making the minimum payment each month, you could end up paying a lot of interest over a long period. Making the highest payment you can afford each month will help you get out of debt faster. And don't forget about any housing debt you have. You may want to consider paying your mortgage off before you retire.

Continue to save

Systematic investing throughout your career can help mitigate the risks of having to retire before you want to. Your financial professional can review your investments to help ensure you are doing all you can for your future.

**National Vital Statistics Reports,* U.S. Department of Health and Human Services, 2015

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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 over 35 years, Tom has been helping clients with financial coaching, investing for retirement, and estate planning.

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By the numbers:
College Students' Financial Behaviors

Percentage of four-year college students who:

Use budgets **39%**

Have their parents manage their money **17%**

Are too nervous to check account balances **12%**

Keep receipts **25%**

Live paycheck to paycheck **16%**

Stop spending when resources are low **72%**

Have used a money management app **14%**

Source: *Money Matters on Campus: How College Students Behave Financially and Plan for the Future*, EverFi and Higher One, 2015

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Money Smarts— Financial Lessons for Your Kids

A new school year means new teachers and new subjects for your children. But there's one important subject your kids may need to learn about from you — money management. According to a recent study of college students,* the aspect of college life they felt least prepared to manage was their money. Teaching your kids the basics of money management may provide them with valuable skills that will help them in college and in the future.

Focus on math

In addition to talking to your kids about saving, budgeting and spending wisely, encourage them to develop their math skills. Taking additional math courses in school may help students practice better money management in the future. And people with strong math skills may be less likely to make emotional decisions when investing, spending or saving their money.

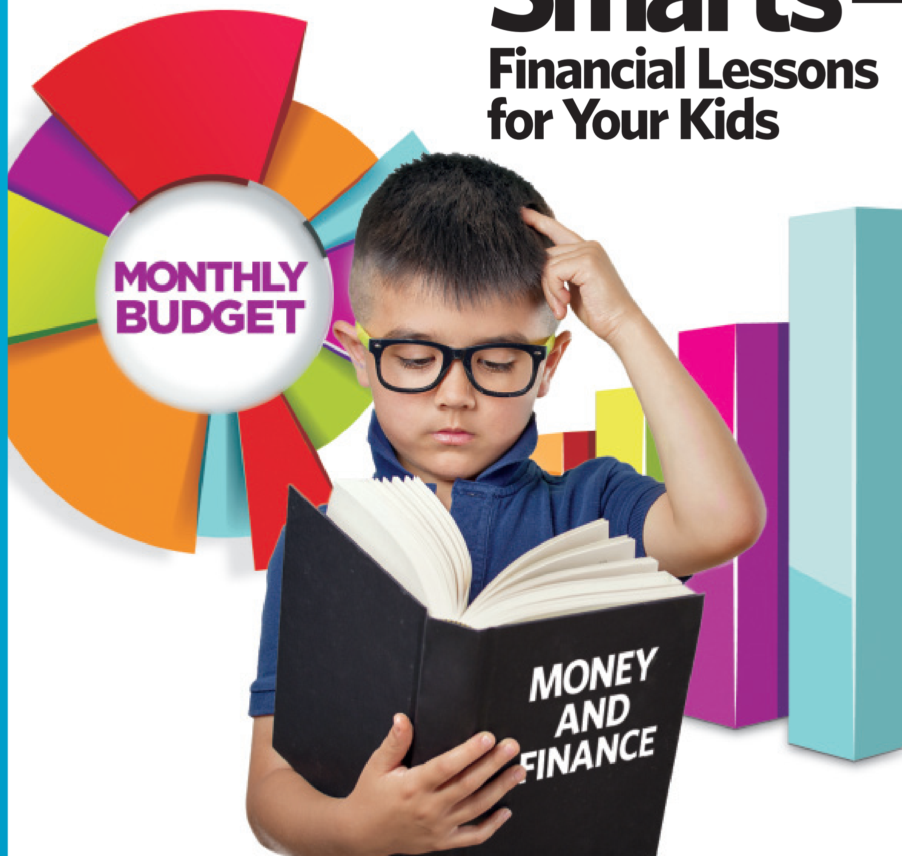
Tell the truth

Parents often are vague about how much money they earn, the amount of their mortgage payment or how much credit card debt they have. Instead of hiding the details, tell your kids the truth when they're old enough to understand what shouldn't be shared outside the family. Your kids can learn a lot if they know the smart moves *and* the missteps you've made over the years.

Not a one and done

The financial lessons you provide your kids should be ongoing. Don't just have one talk, one time. Instead, give them relevant information when they need it. For example, have a conversation about student loans before filling out the FAFSA or go over balancing a checkbook when they open their first checking account.

* *Money Matters on Campus: How College Students Behave Financially and Plan for the Future,* EverFi and Higher One, 2015



The Social Security Starting Line

Ready, set . . . wait?

As you make plans for your retirement years, you'll need to decide when to start receiving your Social Security benefits. Early, at your full retirement age or later? The right time for *you* depends on your personal and financial situations.

Early

You can sign up for Social Security benefits as early as age 62. Some people want to take their benefits as soon as possible because they need the income for living expenses. However, if you start receiving benefits early, you'll get less than your full benefit. For example, if your full retirement age is age 66, the benefit you receive at age 62 is reduced to 75%. This is because you'll be getting benefits for an additional 48 months.

On time

The full retirement age for those born in 1943 or later is somewhere between ages 66 and 67, depending on the year you were born. If you decide to start receiving Social Security benefits at your full retirement age, you will receive your full or unreduced benefits.

Late

If you wait until after your full retirement age to start receiving benefits, you will receive a higher monthly payment for each month you delay taking payments. If your full retirement age is 66 and you wait until age 67 to start receiving benefits, you'll get 108% of your monthly benefit. If you wait until age 70, you'll receive 132% of your monthly payment. After age 70, your monthly benefit stops increasing even if you continue to delay receiving benefits.

Your financial professional can help you decide when it is a good time for you to start receiving your Social Security benefits.

Life Goes On

With all the things you have to think about during the day, your life insurance policy is probably not top of mind. But since September is Life Insurance Awareness Month, it's a good time to remember that having enough life insurance coverage can mean financial security for your loved ones when the unthinkable happens. To help ensure you have adequate coverage, you should review your policy when certain life events occur, such as when you:

- **Marry**
- **Buy a home**
- **Become a parent**
- **Purchase a business**
- **Divorce**
- **Retire**

If you experience any of these life-changing events, meet with your financial professional to make sure your life insurance provides the financial protection you and your family need.

Make Healthy Moves Now

Do you normally wait until the end of the year to review your health benefits? By then, time is running out and you're probably busy with the holidays. Instead of waiting, you may be better off doing it now.

Use up available benefits

Does your health care plan provide you with certain benefits free of charge, such as an annual physical and various screenings? If so, take advantage of these benefits by scheduling appointments before the end of the year.

Assess your deductibles

Many health insurance plans have an annual deductible. It's the amount you pay for your health care before your insurance covers your costs. If you've already met your deductible for the year, now is the time to schedule any elective procedures you've been considering. If it's not likely that you'll meet your deductible this year, consider pushing any non-urgent visits into next year. That might help you meet your deductible in 2017.

Check your FSA

If you have a health flexible spending account (FSA) through your employer, check your balance. If you have more money in the account than you'll probably spend on qualifying health care expenses by the end of the year, ask your employer about the options you have available for your remaining balance. Some FSAs give you a grace period to spend down your funds. Others may allow you to carry over a certain amount to the next year. Knowing your options helps you to make the most of this benefit.

Q. I'm planning to retire at the end of next year and am worried my assets won't last throughout my retirement. Is there a way I can receive regular income payments during my lifetime?

A. Making the financial transition from working to being retired can be a challenge. To ease the stress, you might consider using a portion of your retirement savings to buy an immediate fixed income annuity.*

Very basically, an immediate fixed income annuity is an insurance product that can provide a dependable income stream for life or a set period of years. You give the provider a lump sum cash amount and, in return, you receive regular income payments that begin soon after you purchase the annuity.

You can choose from several different payment options. One option is income payments for life. If you're concerned that you won't live long enough to recoup your investment, consider an option that provides life payments that are guaranteed for a certain number of years. If you die before the "guaranteed" period has ended, your beneficiary will receive payments for the remainder of the guaranteed period. Or you can choose to have payments continue throughout both your and your spouse's lifetimes.

You'll want to consider other factors before purchasing an annuity. For example, you may have little or no access to the principal you've invested, so it may be important to have other savings available during your retirement years. Your financial professional can help you decide if an immediate fixed income annuity is appropriate for your situation.

** The guarantee of the annuity is backed by the financial strength of the underlying insurance company. Annuity contracts contain exclusions, limitations and reductions of benefits and terms for keeping them in force. Generally, there is a surrender charge imposed during the first five to seven years that you own the annuity contract. Gains withdrawn are generally taxable and if taken prior to age 59½ may result in an additional 10% penalty.*

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