LET'S TALK MONEY®

January/February 2018

Fine-tune Your Retirement Preparations

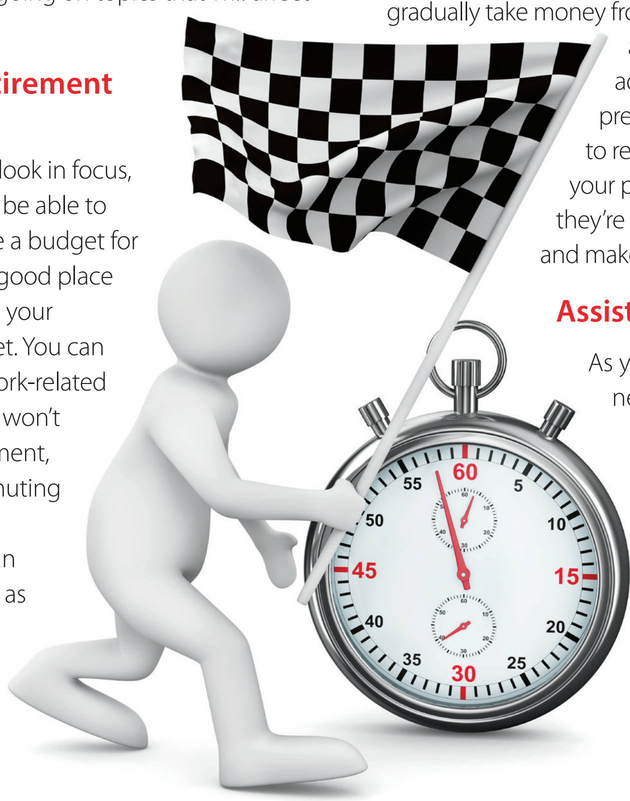
Is retirement within sight? As you get closer to retirement, your thoughts may turn to the day when you'll finally be able to slow down and relax. But during the time that remains, take the opportunity to do all you can to ease your transition.

Talk over expectations

If you're married, discuss how you each view retirement and share what you hope to get out of your retirement years. You can coordinate your plans by going over details such as when you'd prefer to retire, what activities you'd like to do and where you want to live. And since your viewpoints may evolve, you'll want to keep the conversation going on topics that will affect each other.

Make a retirement budget

With your outlook in focus, you may now be able to better prepare a budget for retirement. A good place to start is with your current budget. You can adjust it for work-related expenses you won't have in retirement, such as commuting costs and retirement plan contributions, as well as potential new costs, such as higher health care expenses. Then estimate your future retirement income from all sources, including your retirement investments. By comparing your expected expenses with your future retirement income, you'll have a better understanding of your cash flow needs.



Review your investments

Your retirement years may be a time when you gradually take money from your retirement account instead of adding to it. In preparation, you may want to reassess the investments in your portfolio to help ensure they're suitable for your situation and make adjustments as needed.

Assistance is available

As your retirement draws nearer, you can review your goals with your financial professional and discuss how you would prefer to manage your finances. By looking ahead, you can identify any additional steps you may need to take to get ready for your retirement years.

FINRA Reference FR2017-0818-0072/E RETIR

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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.

One Piece of the Puzzle

Do you know where your retirement income will come from? If you're like a lot of people, it won't come from just one source. Your retirement plan, pensions, other savings, a job during retirement and Social Security all may be potential sources of income. It's typically a good idea not to rely on a single source — especially Social Security — to provide the bulk of your retirement income.

Timing matters

When you retire affects how much you receive from Social Security. The earliest you can start collecting retirement benefits is age 62. But taking benefits before your full retirement age means your monthly benefit will be reduced. Your full retirement age is based on the year you were born. If you were born in 1960 or later, your full retirement age is 67. For individuals born during the 1950–1959 range, full retirement age ranges from 66 to 66 and 10 months. If you delay taking benefits past your full retirement age, your benefit will increase by a certain percentage each year until you reach age 70.

Getting an estimate

Unless you're about to retire, you can't be sure exactly how much you'll receive from Social Security. Use the Retirement Estimator on the Social Security Administration website (www.ssa.gov) to get an estimate of your future Social Security retirement benefits. But remember, this is just an estimate.

You also should consider what current retirees receive from Social Security. On average, retired workers received an estimated $1,360 a month from Social Security in January 2017.* For a year, that's about $16,320. Chances are, you're going to need more than what Social Security provides.

Contributing more

Since Social Security likely will be just one source of retirement income, start thinking about your other potential sources — such as employer-sponsored retirement plans, individual retirement accounts, and investments. Saving more for retirement now may help provide a boost to your income when you will need it.

* Fact Sheet: 2017 Social Security Changes, Social Security Administration, 2017

Social Security Retirement Benefits

Source: Social Security Administration

61%
Retirees with at least half of income provided by Social Security

$1,360
Average monthly benefit for retirees in January 2017

55%
Social Security beneficiaries who are women

43.2 million
Number of beneficiaries aged 65 or older

5.7 million
Number of beneficiaries aged 85 or older

Healthy Financial Habits

Resolving to get financially fit is a great way to start 2018. Here are some ways to develop healthy money habits in the new year.

Track your spending

Keeping track of the money you spend on big and little purchases can help you take control of your spending. Following a budget that's reasonable for your situation may help you not overspend.

Limit credit card use

If you don't pay off your credit card balances right away, interest can quickly add up and become a major problem. Consider leaving the cards at home when you go shopping and using cash or a debit card instead.

Pursue your goals

Planning for long-term goals, such as a down payment on a house, college tuition for your kids and your retirement, is important. Figure out how much you'll need to accumulate and how much you need to save on a regular basis.

Make 2018 a great year to get financially fit. Talk to your financial professional about making healthy financial moves now.

In Case of Emergency

Are you prepared for a large, unexpected expense? What would you do if the roof were to leak, the car were to need a new transmission or you were to have a medical emergency? Would you charge the amount to a high-interest-rate credit card or turn to your emergency fund to cover the cost? If you don't have an emergency fund, here's how to build one.

Start small

Your goal should be to set aside three to six months' worth of living expenses. While that goal may seem daunting at first, you can do it — even if it takes a while. Deposit a specific amount from each paycheck into your emergency fund. Put any bonus, tax refund or other windfall into your fund instead of spending it. If you get a raise, increase the amount you're contributing.

Separate account

Your emergency fund should be in an account that you can access quickly and easily. You don't want to have to sell investments at an inopportune time or have to pay penalties or fees for taking your money out. But you will want to keep your fund separate from the checking account you use to pay your regular bills.

Emergency only

You should tap into your emergency fund only for true emergencies. Don't use it for vacation, impulse purchases or even an anticipated large expense, such as a home improvement. If you do need emergency relief, replenish the fund as soon as possible.

Put Away the Piles

Is financial paperwork piling up on the dining room table or kitchen counter? Setting up a filing system can help you save time, reduce stress and avoid late fees and misplaced tax records. Here are a few ideas to help you get started.

Have a routine

Deal with documents as soon as you receive them. Decide right away if each item needs to be paid, filed or discarded. If you won't need a piece of paper, shred it.

Set up a simple system

Choose a filing system that makes sense to you. Organize paperwork into groups, such as credit card receipts, monthly bills and tax records.

Go electronic

Ask your employer to deposit your paycheck directly into your bank account. Also, consider doing more online, such as having recurring bills paid automatically from your checking account and doing your other banking electronically.

LET'S TALK RETIREMENT

Q. When I joined my employer's retirement plan, I named a beneficiary to receive my retirement plan assets. Recently, I've decided that I want to choose someone else as the beneficiary. Is it possible for me to change my designated beneficiary and if so, how do I go about doing it?

A. Yes, it's possible to change the beneficiary of your retirement plan account from your original choice. It's also a good idea to periodically review your beneficiary designations to see if changes are necessary. The account assets would pass to the individual(s) you name if you die before you retire. If you have recently had any major life changes such as marriage, divorce or the birth or death of a loved one, you may decide that you want to change your original designation. However, there are some legal restrictions and financial issues to consider before you change your beneficiary.

If you're married, most 401(k) plans and other defined contribution plans generally state that your benefits automatically be paid to your surviving spouse upon your death. If you choose someone else as the beneficiary, your spouse must consent by signing a waiver, witnessed by a notary or plan representative.

If you name your children as beneficiaries and they are minors, you may need to take extra steps. Most plans won't distribute assets directly to minors, so a court would have to appoint a trustee or guardian to receive the assets. To help avoid legal delays, you could name a trust for your children as the beneficiary of your account. Be aware that a trust would have to meet stringent IRS requirements to qualify as a designated beneficiary, so make sure you talk to a financial professional beforehand.

If you're not married, you can generally name anyone, including your parents or siblings, as beneficiaries. If you subsequently get married, you can change the designation.

Generally, a will doesn't affect how retirement plan assets are distributed. Your designated beneficiary automatically receives the retirement plan benefits even if your will states someone else should inherit all your assets.

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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