Reinventing RETIREMENT

Your Retirement Planning Newsletter

First Quarter 2020

Your Retirement Super Bowl

A Strategic Saving Plan is the Key to Victory

Super Bowl LIV, the 54th Super Bowl, will decide the National Football League champion for this current season. The game is scheduled to be played on February 2, 2020, at Hard Rock Stadium in Miami, Florida. Jennifer Lopez and Shakira will be performing at halftime. In the meantime, you're still trying to figure out how much you should be saving for retirement.

Many news reports and surveys suggest that people are not saving nearly enough for retirement. Financial professionals define "enough" as the ability to replace 75–80% of your preretirement income. It's nice to have a general benchmark like that to start with, but does it apply to you? The reality is that figuring out how much you need to save is your biggest game— your own personal retirement Super Bowl. Understanding the potential variables and how to address them are the key to achieving your retirement goals.

Why you might need a LESS aggressive game plan

Depending on how you envision your life in retirement, your anticipated expenses may be much less than they are today. In addition, you may continue to earn money in retirement to help offset expenses. Here are some reasons you may need to save less than the general benchmark indicates:

- You have a mortgage that you plan on paying off before you retire
- You plan on downsizing to a smaller home, with a much lower mortgage payment
- You plan on relocating to a less expensive city
- You plan on working part-time during retirement
- You anticipate other sources of income, such as investment/rental properties
- You expect Social Security benefits will provide adequate income for your needs
- You will no longer need to financially support children or other family members
- You anticipate good health, with no unexpected medical or long-term care expenses.

Why you might need a MORE aggressive game plan

On the other hand, with retirement potentially lasting 20 years or more, you may want to be more aggressive with your retirement saving goal. Here are some reasons you may need to save more than the general benchmark indicates:

- If you have a mortgage, and you plan on continuing to make payments during retirement
- You want to travel extensively or purchase a second home for an occasional getaway
- You expect higher healthcare expenses
- You anticipate needing long-term care at some point
- You plan on starting your own business and will need to provide funding
- You will need to financially support children or other family members
- You believe that your Social Security benefits will be reduced or inadequate.

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Cashing Out on Bad Spending Habits

Four tips to help keep you from overspending

Do you find yourself looking out at your porch more often, wondering when your next Amazon package will arrive? Do you leave the grocery store with a couple more bags than you planned for? Do you feel like sometimes you just want to buy stuff? For almost 16% of Americans, "buying stuff" is an addiction, or what the American Journal of Psychiatry calls a "compulsive habit of buying with significant adverse consequences."

While you're likely not addicted to buying stuff, overspending is a common barrier to saving for retirement and achieving other financial goals. The more you give in to unplanned or excessive purchases, the more harmful they can be to your financial health. Instead of giving in to spending impulses, use these four basic tips to help you avoid your compulsion to buy stuff!

Sleep on it. Try forcing yourself to delay purchases by at least one day so you have more time to consider if you really need them. For instance, you might wait 30 hours before buying anything over $30. Or, you might impose a spending threshold, such as $250, over which you must discuss a potential purchase with a spouse, partner or friend.

Stay away from your favorite stores. If there's an online retailer or a local shopping avenue where you can't resist buying something, avoid it. Understanding what tempts you the most will help you avoid making purchases you can't afford.

Remember past spending mistakes. If you feel compelled to buy something you don't need or that is not in your budget, think about the last bad buying decision you made. It's amazing how effective this particular tip can be!

Stick to a list when grocery shopping. Before you leave the house and head out to spend money at the grocery store, write down a shopping list of your needs. Then buy only the items on the list. If you see something you absolutely need that isn't on your list, put it on next week's list when you get home. Be disciplined about this process and you'll never overspend on groceries again.

Your Retirement Super Bowl *Continued from Page 1*

Call the plays

There are many variables involved in determining how much you should be saving for retirement. Here are some important things to think about:

- How much you have saved so far
- Desired lifestyle in retirement
- Projected rate of return on your savings
- Rate of inflation in the future
- Uncertainty about the future of Social Security benefits and Medicare
- How long you expect to live
- Future cost of healthcare and medications.

Consider a professional retirement quarterback

If you haven't already, you may want to consider a professional financial advisor to help you with your retirement saving game plan. They can help you keep all your financial goals in perspective, while helping you determine the best investing strategy for achieving them, based on your unique personal situation.

How will your mortgage play into retirement?

Traditionally, homeowners looked forward to paying off their mortgage before retirement and removing the heavy burden of a monthly house payment. But that is becoming less common, according to a recent survey.

The 2018 survey, "Retirement and Mortgages," by national mortgage banker American Financing, found 44% of Americans between the ages of 60 and 70 have a mortgage when they retire, and as many as 17% of those surveyed say they may never pay it off. The survey also found that 32% predict they will be paying their mortgage for at least eight more years.

Take Five

Five easy ways to reduce daily stress

No matter how calm you try to stay, life is going to throw some stressful moments at you. It can really affect your focus on retirement planning or other financial goals. One day you might be stressing on the cost of braces or the cable bill. Other days you're stressing about how you need to start an emergency fund because your dishwasher or washing machine just conked out for good. Or that college saving fund that just never seems to happen.

How can you even think about increasing your contribution to your retirement plan? And if you do, that's really stressful. Here are some tips to help keep you focused on what matters most.

Just breathe

The key here is using all of your lungs, not just the top part. Try taking a slow deep breath, expanding your chest and belly, while counting to four. Then, as you exhale, count back down to one. Do that three or four times and you'll start feeling better.

Smile

Smiling can be a quick, impactful strategy because several of the muscles in the face are connected to the vagus nerve, which facilitates relaxation. If you can't get yourself to actually smile in the moment, try to imagine doing it. Or play back a funny scene in your mind from your favorite comedy movie. It will probably lead to an actual smile!

Get moving!

When stressed, your body acts as if there's a dangerous situation and adopts a fight-or-flight response. Doing something physical can make it a lot easier to calm down. Consider taking a fast walk around the block or do some jumping jacks or run in place for a minute — any quick burst activity that will metabolize your stress response. There's a great chance that just doing a quick activity or exercise will calm you down.

Follow a sleep routine

Our bodies are like a fine-tuned Swiss watch, functioning to the rhythms, patterns and cycles of our daily lives. One of the most critical timing patterns is our sleep schedule. The consistency of when we go to sleep and when we awake can affect how well we snooze. For deep, restful sleep, it's best to wind down with a relaxing activity, such as reading or listening to relaxing music before bed. Most importantly, end and start your day at the same time — even on weekends if you can.

Download a stress app — and use it!

While using your smartphone too much may also be a source of stress, you can use it to your advantage to download an app that might help. Apps like Relax Melodies feature anxiety-relieving music, and Breathe2Relax guides breathing exercises. The Acupressure: Heal Yourself app helps reduce stress levels by teaching you where to find your body's acupressure points, and Worry Box — Anxiety Self-Help acts as a journal to help you deal with your stressors.

Sources: American Institute of Stress; "Stressaholic" by Heidi Hanna; Kmotion Research.

Retirement in Motion

Tips and resources that everyone can use

Knowledge is retirement power

According to Nationwide Retirement Institute's "2019 Annual Consumer Survey on Social Security," less than 25% of people know what their full retirement age is. Your full retirement age is the age at which you can begin receiving 100% of your primary insurance amount, also known as your full retirement age benefit. Your full retirement age depends on your year of birth:

Birth Year	Full Retirement Age
1955	66
1956	66 + 2 months
1957	66 + 4 months
1958	66 + 8 months
1959	66 + 10 months
1960 & later	67

Get more info: www.ssa.gov/planners

Q&A

What is the maximum amount I can contribute to my employer-sponsored retirement plan?

The amounts are set each year by the Internal Revenue Service and typically increase each year (although that is not guaranteed). For 2020, the maximum is $19,500; If you are age 50 or older, you can make an additional "catch-up" contribution of $6,500. Make it a New Year's resolution to contribute as much as you possibly can!

Quarterly reminder

When was the last time you reviewed your beneficiary designations for your major assets — including your retirement plan? The start of each year is a good time for some financial housekeeping. Make sure your current designations still match your wishes, especially if you have had any major life changes such as marriage, or the birth or adoption of any children.

Tools & techniques

Looking for a really simple and easy way to save money? Check out the Acorns app. Instead of putting your spare change into a piggy bank, put it into an investment account that has the potential to grow and fund your various financial goals. Got a grocery tab of $50.12? For a nominal fee of $1 per month, Acorn simply rounds up each transaction you make to the next highest dollar (in this case $51.00) and puts that extra amount into your account (in this case $.88). You will likely be surprised at how fast it all adds up! Check out acorns.com for more information — or other similar apps such as Chime and Qapital.

Corner on the market

Basic financial terms to know

Snowball method – Looking to pay off outstanding balances on multiple credit cards? The "snowball method" of repayment is a strategy of payoffs that start small but get bigger over time. To use this payoff method, list all your credit card balances in order of size, from the smallest balance to the largest. The smallest debt on your list is the one to focus on first. When it gets paid off, the next smallest debt becomes your focus, until there is no more. For many people, the satisfaction of seeing that first debt get paid off quickly makes the snowball method an effective strategy.