The Retirement Income Store®

NEWS

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Managing Financial Setbacks—6 Steps to Help You Get Back on Track

If you've recently experienced a financial setback, here are six steps you can take to get back on track.

1. Don't Beat Yourself Up

After experiencing a setback it can be natural to feel like you did something wrong. However, putting added pressure on yourself will not help. Instead, make a mental note of what might have gone wrong, and learn from your experience so you can avoid repeating it.

2. Don't Panic

The last thing you want to do is panic and rush to solve your problem. Most likely, that will only make matters worse. Instead, take a moment to acclimate to what has just occurred. Realize you don't need to plan out the rest of your life. Instead, start by focusing on your most immediate needs.

3. Prioritize

Make a list of time-sensitive responsibilities and start with the most important. For example, how will you pay those bills due at the end of the month? If you recently lost your job, make sure you've filled out all the required forms correctly, so you can avoid delays in receiving your unemployment benefits.

4. Take Inventory of Your Finances

Besides your personal savings don't forget about your IRA or 401(k). Legislation recently passed through the CARES Act, allows those impacted by COVID-19 to take distributions of up to $100,000 from certain retirement plans and repay it within three years, with no federal income tax consequences. Although it's never ideal to tap into the principal balance of your retirement savings, this could serve as a short-term solution.

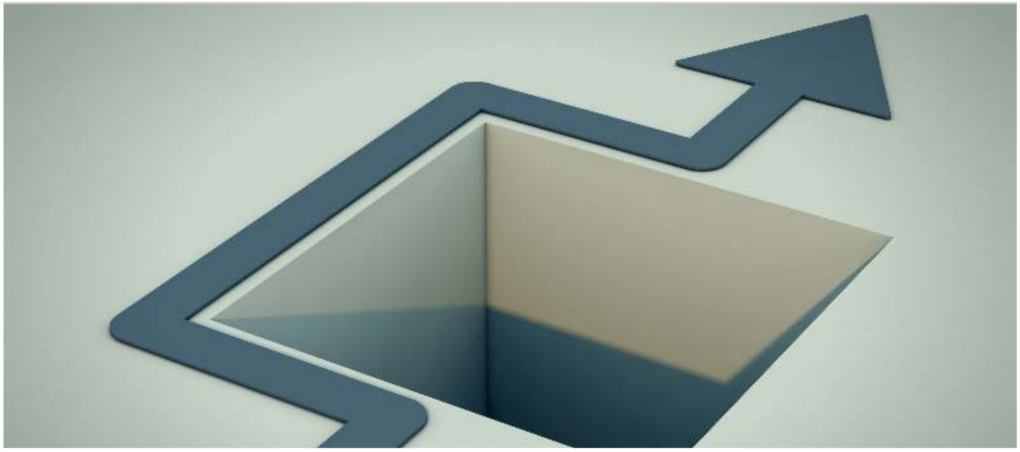
5. Cut Non-Essential Expenses

Look for expenses you can cut like that Stitch Fix subscription or that gym membership you're not using. Individually they may not seem like much, but collectively could add up to significant savings. However, if a $50 a month expenditure brings you joy, look for another item to cut. Whatever you do … do NOT cut back on essentials like health, car, or homeowners' insurance—because that could make matters worse if the unexpected occurs … again.

6. Don't Be Afraid To Ask For Help

During difficult times it can be helpful to get the opinion of a trusted financial professional—just make sure to ask ahead of time if the consultation will cost you anything. Also, make sure to work with a fiduciary—someone obligated by law to place your interests ahead of theirs. By speaking with a financial professional, you might find that your situation is not as bad as you think.

The 9 Retirement Blunders to Avoid



As more and more Baby Boomers start eyeing retirement, thoughts turn from worry over the workday grind to concerns about how to fund their golden years. We have compiled a list of the common retirement blunders and how to avoid them. Do any of them sound familiar?

1. Not Having A Plan

The most basic mistake millions make is simply not having a plan. There's no one-size-fits-all number regarding how much you need to save for retirement, but some experts suggest aiming for 80% of your income at the time you retire.

2. Not Being Strategic About Social Security

Do not just start collecting your Social Security benefits at any old time. Learn more about it first, because there are ways to maximize your Social Security and some strategies you might employ - especially if you are married.

3. Ignoring Inflation

Prices fluctuate, moreover things get pricier as the years go by. That's today's economic reality.

4. Forgetting About Healthcare Costs

The biggest concern for retirees that almost always makes retirement more expensive than they ever could image is healthcare. Healthcare costs are subject to some of the greatest inflation rates in the country.

5. Underestimating How Long Retirement Will Be

With advances in medical care, people are living longer. Today, the Society of Actuaries says that the average man at 65 can expect to live another 21.5 years, and the average woman another 23 years[1].

6. Carrying Debt Into Retirement

Give yourself some options by planning to have debt paid off by retirement but consult a financial planner before you tap retirement accounts to pay off any big debts, such as a mortgage.

7. Assuming You Can Work Longer

With the recent economic downturn due to the pandemic, many retirees may have to leave the workforce earlier than they had planned. Working longer can help you make up for not saving enough, but it's not an option you can count on.

8. Putting Your Kids First

Of course, you want your children to have the best — best education, best wedding, best everything. And if you can afford it, do so. But footing the bill for private tuition and lavish nuptials at the expense of your own retirement savings could come back to haunt all of you.

9. Neglecting Estate Planning

Estate planning isn't just for the wealthy. Even if your assets are modest, you want to have a valid Will to specify who gets what and who will be in charge of dispersing your money and possessions.

In summary, you can't create a plan to meet your retirement goals if you don't know what they are. Before you retire, spend time thinking about what you what to accomplish in retirement and how you want to live.

[1] Wall Street Journal [http://www.wsj.com/articles/rising-u-s-lifespans-spell-likely-pain-for-pension-funds-1414430683]

Choosing The Right Advisor

The financial industry has two sets of compliances that advisors follow called the suitability standard and the fiduciary standard. The fiduciary standard is when your financial advisor is legally bound to act in your best interest. Fiduciary advisors must put their clients' interests before their own. Advisors following the suitability standard are only legally required to make sure investments are suitable for you – they aren't necessarily your best option.

As for finding a financial advisor a good course of action is to start with recommendations from friends, family or colleagues. Ask people with a similar financial situation or goals to yours who they use.

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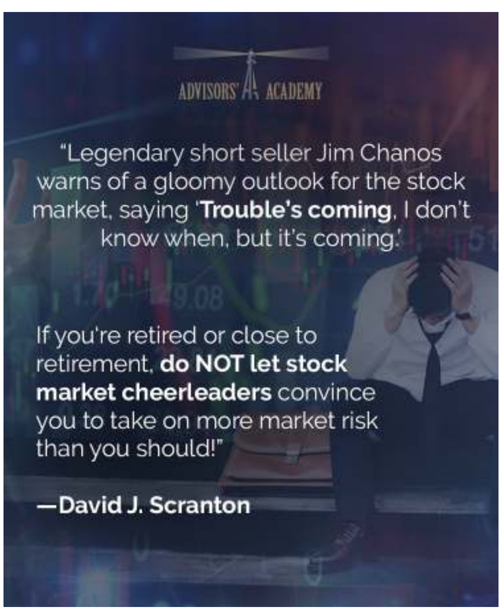

Social Security Benefits Have Lost Nearly a Third of Their Purchasing Power Since 2000

By David J. Scranton, Founder of The Retirement Income Store

As you probably know, Social Security benefits are indexed for inflation, and include an annual cost of living adjustment (COLA) when deemed necessary by the Labor Department. But how these adjustments are calculated doesn't always line up with the expenses retirees face.

Partly due to inflation, Social Security benefits have lost an estimated 30% of their purchasing power since the year 2000.[1] Over the past decade, Social Security recipients have experienced three years without a COLA. It won't be surprising to see another 0 percent COLA, for 2021, due to the economic impact of the coronavirus.

Social Security recipients received a 1.6% COLA for 2020, based on an estimated inflation rate of 1.81% in 2019. Obviously, that falls short.

As I often point out on my NewsmaxTV show The Income Generation, underestimating inflation – and healthcare inflation, in particular – is one of the most common reasons retirees fall short of meeting their income needs. If you can't fully count on your Social Security income keeping pace with inflation, that makes it crucial to allocate your other sources of retirement income in a way that does.

In my experience, your odds of doing that are greatly improved with the help of a financial advisor who understand the best ways to establish reliable streams of income to meet your retirement needs regardless of inflation, market conditions, or unforeseen challenges, like a global pandemic.

If you haven't done so, I suggest taking a moment to schedule a complimentary retirement review with an Income Specialist from The Retirement Income Store so you can be sure you've properly allocated your investments to account for the effects of inflation.

[1] https://seniorsleague.org/loss-of-buying-power-press-release/

9 Things You Need to Know About Retirement Income

#1
What is Retirement Income?

As more Americans are being able to enjoy more years in retirement, it's become imperative for those close to retirement to establish reliable streams of income they can count during retirement. And that's what retirement income is all about: having enough money coming in to cover your expenses, so you don't have to tap into the principal balance of your retirement savings.

Retirement income can come from a wide range of sources, including your Social Security benefits, annuity payouts, your IRA, 401(k), or 403(b).

When it comes to retirement income, however, not all sources are treated the same by the IRS. Some forms of income can be fully or partially taxable. That's why it is important to work with an advisor who is familiar with the best ways to generate ongoing income for your retirement—while helping you minimize the taxes you'll have to pay.

Click here to read the rest of The Definitive Guide to Retirement Income—from the News You Can Use Section of TheRetirementIncomeStore.com

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Due Diligence and the Selection Process

It is imperative that you fully vet a financial advisor. You can verify your prospective advisor's credentials on brokercheck.com or adviserinfo.sec.gov. Both are free tools that provide the background and experience of individual advisors and firms. Most importantly, these sites will tell you about any disciplinary action the advisor has received.

Once you have narrowed down your options based on the above criteria, you should look further into the finalists. You should speak to multiple financial advisors before deciding on one to hire.

Interview each of the contenders, asking them several questions, like:

- Are you a fiduciary?
- What certifications and experience do you have?
- Do you have any disclosures?
- What services do you offer?
- What types of clients do you specialize in serving?
- How do you make money?
- What's your investment philosophy?
- How often do you communicate with your clients?

People's lives are complicated. There are many financial issues that can change over time. The advisor needs to keep engaging with the client, identifying scenarios and outcomes, and providing guidance when things arise.

Finding the right person or firm may take some more time and cost more to get specialized advice, but the investment of time will be well worth it in terms of your peace of mind.