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Smart Retirement Moves You Can Make in 2017— and Beyond

3 Reasons to Buy Long Term Care Insurance

Whether you're two decades away from retirement or it's right around the corner, there are smart retirement moves you can make now that can make your financial future more secure. Here are 10 of them to consider.

Get out of debt. High-interest-rate debt, such as that from credit cards, can be debilitating. It's not unusual to be charged annual interest rates of 25% or more, and on \$12,000 of debt, that can cost you around \$3,000 each year!

Have an emergency fund. We all need a plan for how we'll get by if we lose our job or face a costly health crisis. You don't want to have to drain a retirement account for that, so stock an emergency fund with three to nine months' worth of living expenses.

Get the paperwork done. No matter how old you are, you need to have a will, a durable power of attorney for finances, a living will, and a healthcare power of attorney (sometimes called a healthcare proxy). You might also look into setting up an estate plan and a trust, among other things.

Save more. The more you can save, the better off you'll be in retirement. In the example above, if you could save and invest \$12,000 each year instead of \$10,000, you'd have about \$653,000 in 21 years. Aim to increase your saving each year, perhaps by socking away some or all of any raises.

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Why buy long-term care insurance? Below are three good reasons.

1. You want the ability to access quality care quickly.

If you need assistance and don't have long-term care insurance, what do you do? You get help from family and friends, pay for it out of pocket, and/or go on Medicaid.

To access long-term care benefits you must require help performing two out of the six activities of daily living. These are activities such as bathing, and dressing.

As you age and start needing assistance with these items, many people rely on a spouse or other loved ones first. If you don't have insurance then when family and friends can no longer provide the level of care you need, you begin to spend down your assets to pay for care. If you need care for a long time and spend all your assets then at that point government assistance programs pick up the cost of your care in a qualified nursing facility.

You are likely to access care faster when you have long-term care insurance because you know you'll have the funds to pay for it. This is one of the reasons people buy this type of insurance - so they have the ability to access care faster, and can use the insurance company's money to pay for it.

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RETIREMENT NEXT EXIT

Smart Retirement Moves You Can Make in 2017—and Beyond...Continued From Pg 1

Catch up, if you can. If your retirement savings are well below where they should be, take some drastic steps to beef them up. The earlier you do this, the longer your money can grow for you. You might take on a second job for a few years, or regularly do some extra work on the side, such as tutoring or giving music or language lessons. You could take in a boarder for a while or rent out a room on ‘Airbnb’ now and then. These may not be appealing ideas, but they can make a big difference.

Simplify financial accounts. Many of us have accumulated lots of bank accounts and investments accounts, from various jobs and towns and points in our lives. Consider consolidating some of them, so that they're easier to stay on top of.

Consider opening and/or funding a traditional IRA. In 2017, as in 2016, you can contribute up to \$5,500 to one or more traditional or Roth IRA(s) -- in total. If you're 50 or older, the limit is \$6,500. With a traditional IRA, a \$5,500 contribution will reduce your taxable income by \$5,500 -- saving you \$1,375 if you're in the 25% tax bracket. It can be invested, growing on a tax-deferred basis until it's taxed when you make withdrawals in retirement.

Make the most of your 401(k). 401(k)s have much higher contribution limits -- for 2017, it's \$18,000 plus \$6,000 for those 50 or older -- so aim to contribute generously to them, at least enough to take full advantage of any available matching funds. That's free money, after all.

Get your spouse on board, too. Be sure that you and your spouse are on the same page financially, working together to save and invest. If only one is doing so while the other is spending or racking up debt, you're headed for trouble. Your nest egg can grow much more quickly with two people contributing to it.

Pay off your mortgage before retiring. Consider paying off your home loan before you retire so that you don't have mortgage payments to make on your more limited income. It can make retirement less stressful.

Source: fool.com/retirement

Please contact our office for more information.†

What Our Clients Say About Us

“Marcia and her staff were very helpful”-DM

3 Reasons to Buy Long Term Care Insurance ...Continued From Pg 1

2. You may have a long costly claim.

Jesse Slome, Executive Director of the American Association for Long-Term Care Insurance tells the story of one of the longest claims on record: a woman who paid \$12,000 in premiums over only a few years, and got \$1.2 million in long-term care benefits over the next fifteen years.

As Jesse said, “Is she lucky? No. I don’t think anyone would call her lucky.” She had purchased long-term care insurance so her costs were covered, but I am sure she and her family both wish a long-term care need had never arisen in the first place. If you buy long-term care insurance, let's hope you never need it. If you do, though, you'll be glad you have it.

3. You want freedom of choice.

When you buy long-term care insurance you will have the necessary resources to afford quality care, and you will have the ability to choose how and where you receive this care. Those without substantial resources of their own, or those who did not buy long-term care insurance, simply won't have as many choices. Does that mean everyone should run out and buy long-term care insurance? No, like any financial decision, you have to educate yourself, evaluate the pros and cons, and make a decision that is right for you. There are alternatives to traditional long-term care insurance, such as getting care overseas, or buying into a Continuing Care Community. Despite the alternatives, those in retirement will find there is a great deal of peace-of-mind that comes from having traditional long-term care insurance.

Source: thebalance.com

Please contact our office for more information.†



You can e-mail us at

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