



THE \$TRATEGIST



Too Much Debt, Too Little Future Returns

Unfortunately, as the bull market has rolled on making people less cautious, we are experiencing higher than expected debt levels in potential new clients. This issue combined with projected lower returns makes planning for the future more difficult.

With interest rates on the rise, the possibility of being squeezed between increasing expenses and decreasing income in retirement creates a dilemma. What to do?

Certainly, one of the best solutions is to reduce debt as much as possible prior to retirement or if not possible, to lock in as low a rate as possible, e.g. on a home equity loan or mortgage.

Another idea is to look at a Home Equity Conversion Mortgage (HECM), otherwise referred to as a Reverse Mortgage, if you qualify. (Not from a TV ad though!) The main advantage of these is that you do not have to make payments until you and all owners finally leave the home or die.

(On a side note, many people have grown up with the idea that a home is an investment. In my humble opinion, it is a place to live primarily, and not a very good investment at that. Much like life insurance.)

From the portfolio side, another method I have seen is to increase the equity allocation for possible higher returns. However, this exposes you to even greater risk. A unique method used occasionally is to decrease the equity allocation to almost zero prior to retirement and then increase it annually by 5-10% until you get to an allocation that you are comfortable with.

Another alternative is to look at an immediate or delayed income annuity for some of the funds. Because interest rates have been low for many years, these products have not been as helpful as in the past. However, new product designs and higher interest rates make these more attractive. Together with Social Security enough income could be generated to cover at least fixed expenses and allow some flexibility.

A part-time job might be the answer for some. Hopefully, one that is tolerable and flexible. The last idea is to delay retirement as long as possible and/or to stagger the retirement dates of a couple if that is possible.

If retirement is still far in the distance, career planning makes a lot of sense. Plan to pursue a career or work that is fulfilling and rewarding so there is less drive to leave a high paying “crappy”

By Tom Wargin CFA, CFP®

In a recent *Wall Street Journal*, Anne Tergesen wrote:
“For each year in which a bull market persists, workers become likelier to retire. But those who leave the workforce now—the ninth year of the longest U.S. bull market—are potentially setting themselves up for a tough stretch that could test their portfolio’s long-term resilience.

“Why? When the stock market becomes historically expensive, as some metrics suggest it is today, research shows it’s often a harbinger of below-average future returns. This can be especially painful for retirees with long life expectancies because withdrawals combined with poor returns will leave less in an account to compound over decades.”

cont. on back



Planning Notes

By June Ann Schroeder, R.N. CFP®

College Aid: Be aware that there are grants and scholarships available for students already in college. So filling out the FAFSA is a good idea for students beyond high school. In another development, over two dozen colleges are developing or offering “income sharing” programs. The student’s tuition is paid in exchange for a percentage, 3-15%, of the student’s eventual salary based on the major course of study for up to 10 years. It is expected that more of these programs will emerge in the future.

Online Banks: According to *JD Power*, online banks beat traditional banks in customer service on factors from fees and interest rates to website and mobile banking capabilities. Charles Schwab Bank and Capital One were among the highest and Nationwide the lowest.

Making Electronic Check Deposits?

The FDIC has a new rule asking banks and credit unions to require consumers to write “For Mobile Deposit Only” on the back of checks deposited this way. This rule protects the institution from losses if a check is deposited a second time in person, either fraudulently or accidentally. Make sure you keep all checks deposited electronically for at least 60 days before destroying them.

Health Insurance Claim Denied?

Minor billing codes are often the problem according to Families USA, a nonprofit consumer advocacy group. Double check every detail, and present just the facts, don’t get emotional when you ask for reconsideration. If you need help, you can find such resources on the [Patient Advocate Foundation website](#). If you are covered by Medicare, contact your State Health Insurance Assistance Program, which provides free one-on-one counseling for seniors in every state.



Featured Artist: Anita Hallman Kowalski



Anita Hallman Kowalski, a retired Pastoral Associate of the Catholic Church, is the mother of 4, grandmother of 13, great grandmother of 5. She was born in Chicago, but has lived in Wisconsin for many years—obtaining an MS from UWM and a Certificate of Art from Art Instruction. Creativity is in her DNA. Her great grandmother was a recognized artist and John Singleton Copley is her ancestor (Revolutionary War period). Working to

raise her family took precedence for years, but when her son encouraged her to return to her art she did and is enjoying it immensely.

Anita’s art is displayed in Milwaukee at Our Lady of Lourdes Church from March to April every year and at City Side Art Studio on Forest Home Ave. On a recent visit to Amsterdam, Anita discovered that Vincent Van Gogh did all of his paintings within a ten-year time period. She figured “I’ll give it a shot to match his pace!”

Client Alerts

By Shannon Nook, FPQP™

Fall & Winter Office Hours

Monday-Thursday ~ 8:30-6pm
Friday ~ 8:30-5pm
Other times are available by request.

Medicare Open Enrollment through December 7

Be sure to check the changes in the coverage of your *Advantage plan or Part D drug plan*. Changes range from an early close of the donut hole in Part D to expanded Medicare Advantage plan options, including in-home help and safety features, plus meal delivery and transportation. You may find it to your benefit to make a switch. A good resource for help figuring out the best plan for you is www.65incorporated.com. They don’t sell insurance, just advice which can save you time and money into the thousands of dollars.

Charitable Donations: Timing is Key

If you are itemizing, it’s time to make contributions so they are deductible for this year. If you mail a check to your favorite charity on December 31, you can write it off on this year’s tax return. But if you charge the donation on a credit card, the write-off can only be claimed in the year the charge is posted to your account, so mailing late is not a good idea! Also, pledges don’t count until paid.



Retirement

continued

job. The best job to have is one that doesn’t seem like a job. I have been lucky enough to have created such a job.

Taking into account the issues mentioned above, we strive to help achieve the best outcomes no matter at what stage in life you find yourself.



Liberty Financial Group, Inc.
700 Pilgrim Parkway, Suite 300, Elm Grove, WI 53122-2063
Toll-free 877-750-1377 • 262-785-1377 • Fax 262-785-6655
www.libertyfinancialgroup.com