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5 Financial Tips for your 50s!

Turning 50 represents not only an age milestone, it can also signal the start of some of our best accomplishments in life. A man named Jack Cover revolutionized law enforcement practices at age 50 when he invented the Taser. Julia Child didn't begin her iconic cooking show until she was 51. And Ray Croc launched the global franchise McDonalds at 52. There are lots of ways to make the most of your fifties, especially when it comes to taking care of your finances.

Financial Tip #1: Take Advantage of Catch-Up Contributions

According to the IRS, 50 is the magical age when you get to contribute thousands of dollars more to your retirement account each year. For 2018, the catch-up contribution limit (the extra amount you're allowed to put away) is $6,000 for most large retirement plans, or $3,000 for most small plans. You can even increase the amount you put into your individual IRA, as much as $1,000 extra. Catch-up contribution limits differ between retirement account types, and they may change from year-to-year. Be sure to visit the IRS website for the most current limits.

This special perk is a real gift to investors looking to boost their savings, and even if your birthday doesn't come until the very end of the year you can still take advantage.

Financial Tip #2: Talking Finances with Your Adult Parents

As you age, so do your parents. And often that means we're helping out quite a bit, from estate-planning to downsizing to the potential need for long-term care.

Many of us don't want to have those conversations, or maybe you don't even know how to begin. But discussing these critical issues today could be the key to a better relationship as you and your parents continue through life's stages, because it helps you understand your parents' situation and their plans. It may be easier than you think, especially if you use these compassionate, caring ways to engage your parents and begin the dialog:

- Ask for their advice: "I'm putting my will together. How did you go about doing this?"
- Stress that they are part of the decision-making process: "I want to be sure we know what you want done."
- If you don't see eye-to-eye on a decision, don't argue. Instead, ask: "If this doesn't work out the way you expect, what else might you do?"

Ideally, these discussions can lead to the creation or update of an estate plan, durable powers of attorney for finances and for healthcare, and a living will, so there are no misunderstandings or surprises as you continue to help your parents. Make sure you keep a copy of the signed documents in your files so you can find them as needed or revisit them in the future. If you don't have an attorney you trust to work with, please reach out – we can help you identify a good match for you and your parents' needs.

Financial Tip #3: Pay Attention to Your Paper!

If you're not already in the habit of annually reviewing your estate plans, powers of attorney, insurance and investment account beneficiaries, your fifties is a great time to start.

For many people, the process of estate planning seems like a hassle. If you've already told your family what you want, why do you need a written plan? For starters, estate taxes could add an even greater burden to your loved ones if something unexpected happened to you. Can you imagine if you were no longer here AND your family members lost half of their inheritance to taxes? Working with a professional planner helps ensure your estate is structured properly so ***your family gets what you've worked for***, instead of the government. It also makes sure that you're able to continue taking care of those who are important to you, just as though you were still around. Finally, it guarantees that you are cared for according to what you want, even if you can't speak for yourself.

It's important to review your plans, documents, accounts and beneficiaries every year to be sure they still accurately reflect your wishes. Each of our lives changes every day, and it's important that our estate documents keep up with us. Remember, I'm always available to help you make educated decisions in this area.

Financial Tip #4: Financial Fitness with Long-Term Care.

I want to tell you about long-term care insurance, which covers the cost of care in the case of an extended illness or disability. The price for long term care ranges from $19 an hour to $229 a day, depending on the level of care you need, and it's NOT covered by Medicare. That means your retirement nest egg could be gobbled up by just one health crisis requiring long-term care.

But do you really need another kind of insurance? How do we know this isn't just one more insurance company scare tactic? It's a great question. The federal government's Administration on Aging tells us that MOST Americans ages 65 and older will in fact need long term care. So it's no scare tactic, but there are ways you can be sure long-term care coverage is right for you:

- Compare policies and read all the fine print. Know exactly what coverage the policy offers. You may be able to purchase a less expensive policy for a lower level of coverage and still offset the cost of care.
- Apply earlier rather than later. The best time to apply is before you develop

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health problems. A survey from the American Association of Long-term Care Insurance found that insurers rejected 44% of applicants ages 70-79 and 17% of those 50-59.

- Couples can buy shared benefit policies**.** This may make coverage more affordable. Each person would sign up for a two-year plan, for example, but one spouse can use all four years if needed.

No matter what, if you purchase a long-term care policy, be sure you let your family know so it's used even if you're incapacitated, continue paying your premiums regularly and on-time so the policy remains in-force, and remember to review your LTC plan every year, like you do with all your health and life insurance policies.

Financial Tip #5: Don't Fall Into The "Lifestyle Inflation" Trap

The last and final tip #5 is actually more like a trap: ***The "Lifestyle Inflation Trap."*** For many of us, our fifties represent our peak earning years. We're more established, have become accustomed to our lifestyle, and have created habits that we live by. This pride and satisfaction in our lives, which we've worked for our entire career, can also lead to a temptation to "outdo" or over-reward ourselves. Sometimes we may even spend money we don't have just to keep up appearances, and that can put a major dent in financial planning efforts.

Don't get me wrong, the occasional splurge is fine. I'd even say it's healthy. But don't make a habit of spending unnecessarily just because you've got the money. Keep your eyes on the prize: in your fifties, building a secure nest egg is your most important goal, and one that can help lead you to a happy, contented financial life in retirement.

If dollars are burning a hole in your pocket and you really hate the thought of excess cash sitting in your checking account, why not make a charitable donation? You'll feel better, a worthy organization will benefit, and, maybe best of all, you can write it off on your taxes. If you need some ideas on great charitable organizations or ways to create charitable tax benefits with donations, we'd love to help!

I hope you've not only enjoyed these five tips to consider in your fifties, but also plan to put them into action to help you achieve a successful financial future. As always, we are here in case you have questions regarding any of them, and we are ready to update your plans with you whenever the need arises.

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