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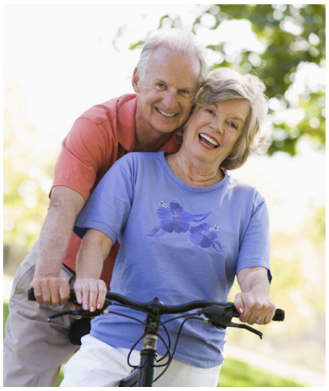
Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



APRIL 2019

Do You Want It Or Need It?

Are you one of those people who simply look at whether or not you can afford the monthly payment, when you are deciding whether or not to make a purchase?

Have you ever figured out how long it will take you to pay off something you've bought on credit, and how much it will actually cost you over time?

Example: Spending $2,000 on a big-screen TV doesn't seem like a big deal when your minimum payment is only $40 a month. You can work that $40 a month into your budget, right? It's no big deal, right?

If that was the only purchase you ever made on credit, it would be fine. However, the problem is once you start using credit, it's easy to justify making additional purchases, and you fall into the credit card trap.

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Inflation and Your Income

With every year that passes, our cash or fixed assets lose value because of inflation, and the cost of our necessities continue to increase.

Older Americans can remember the times when interest rates were low and the word inflation was rarely used or heard. However, during the past 50 years, as our economy has become more intertwined with the other nations of the world, inflation has become more a part of our vocabulary and something we must be regularly concerned with.

And for America's growing number of retirees, inflation is more than just a concern, but something that we must constantly worry about. Each year, inflation increases the cost of health care, food, transportation, our housing and almost everything we need or want gets more expensive. This is bad news for practically everyone, but it is especially bad news for the many retirees who are on a fixed income and have limited cash reserves.

As inflation slowly increases, the cost of almost everything retirees will be forced to cut back on their expenses or find new sources of income. In most cases, this means they will eventually be forced to start depleting their cash reserves, and hope that their money will last until they die.

While a slow inflation rate of 4 percent might not appear threatening, remember that over a 10 year period that 4 percent grows to 40 percent – meaning that the cost of everything has or is going to increase by 40 percent.

In order for retirees to maintain their same standard of living, they must find significantly more income in order to maintain their same standard of living. For example, if you are currently spending $50,000 a year to maintain yourself or your family, you will need to increase your income to $70,000 to keep the same standard of living.

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Interesting Facts:

-Exercising regularly is said to boost your immune system, prevent signs of aging, and can sharpen your memory.

-The word 'gymnasium' comes from the Greek word "gymnazein", which literally means "to train naked."

-Muscle is about 3 times more efficient at burning calories than fat, even when at rest.

-There are 293 ways to make change for a dollar

-Yoda's eyes were modeled after Albert Einstein's to give him a more wise look.

*Are you unnecessarily paying income taxes on your social security call now for your **FREE** report*
"How to Stop the Taxation of Your Social Security Income"
Call now while supplies last.

"By failing to prepare you are preparing to fail"
-Benjamin Franklin

April Fools!

Have you ever wondered how April Fools' Day started? Historians aren't 100% sure, but most agree that it dates back to 1582 when France switched from the Julian Calendar to the Gregorian Calendar, as called for by the Council of Trent.

When they did this they moved the start of the new year and its celebration to January 1st (what we celebrate now). However, some people, either by choice or ignorance of the change, still celebrated it through April 1st. These people were referred to as "poisson d'avril" which means April Fish. This was used as a derogatory term meaning they were young, easily caught fish, or rather a gullible person.

Let me ask you, are you keeping up with the changing times? Are your plans for your retirement, paying off your home, getting out of debt still the best way? Don't be an April Fool. Call my office today for a free review of your situation. There is no cost or obligation.

Do You Want It Or Need It?

Consider the following 2018 sobering statistics:

- The average household that maintains a credit card balance owes over $15,000.
- The average household has 3.7 credit cards.
- The average credit card interest rate is 19% for new cards, and 14% for existing ones.
- Total credit card debt in US reached over $1 Trillion, as of March 2018. (Source: The Federal Reserve)
- 43% of Americans spend more than they receive each month, borrow and use credit cards to finance the shortfall
- In 2017, almost 800,000 Americans filed for bankruptcy.

And here are the *real* kickers:

If your credit card balance is $8,000, and you make the minimum monthly payment of $127 per month, at 18.9% interest it will take you approximately 24 years to pay off the debt. You will also pay $28,576 in interest charges, almost four times the balance, bringing your total to $36,576.

If you didn't have a credit card payment of $127 a month, you could put that money that into a savings vehicle earning a 5% return! In 24 years you could have an additional $70,465 in savings that could generate $3,500 per year of additional income during retirement. Your credit card payment is not only costing you thousands in interest, but is stopping you from saving for your retirement.

Here are 3 Tips to help you avoid the 'Credit Card Trap'…

1. **Do not use credit cards.** The easiest way to avoid the credit card trap is to simply not use credit cards at all. If you do not have a credit card, then you cannot fall into the trap.
2. **Pay off the balance every month**. If you find that you cannot pay off the balance completely one month, stop using the card until it is completely paid off.
3. **Set up an Emergency Fund**. Start putting money aside each month to build an emergency fund. Once you have an emergency fund, you will not need to rely on your credit cards anymore. Ideally, build an emergency fund that will cover a year's worth of expenses or 6 months of income.

Inflation and Your Income

For most retirees, this will involve a combination of both factors:
Closely monitoring your expenses, and more closely monitoring your investments and/or financial reserves. However, you really can't afford to wait. Each year that passes without you compensating for inflation means that you lose that much buying power to inflation.

Retirees do not need to panic because of the continued inflation because while inflation eats away at buying power, as a general rule the same inflation increases the dollar value of your investments.

The obvious solution is to have your cash reserves and investments grow faster than the combination of the inflation rate and your spending. This is not a difficult process, and can readily be achieved by strategically positioning assets, without sacrificing safety or guarantees.

A Financial Consultant can assist you in making sure your assets are positioned wisely. Why wait? Contact our office today.