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# Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



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## This Could Cost You 1000's

Because of the recent phenomenal stock market returns, tens of millions of American families have invested their savings, too thoughtlessly and emotionally, in stocks and mutual funds. As the stock market reverts to its historical averages over the next 10 to 20 years, their retirement incomes could turn out to be a lot smaller than they now anticipate. The problem is that it may be much worse than that. Many of these people may actually run out of money during their retirement years.

### Why is this a problem?

Let's assume that the real rate of return of the S&P 500 will average 8% in the future. You might conclude that you can withdraw \$80,000 out of your \$1,000,000 portfolio each and every year indefinitely and maintain yourself with the same income. However, you would be wrong...

If you had returns that average lower than 8% during the first 10 years you will run out of money long before the stock market brings up your average investment returns, in later years. To illustrate this phenomenon, we'll use a coin toss. Tails represents a 10% loss (-10%). Heads represents a 30% gain (+30%).

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## Improve Your Attitude, Improve Your Life; Part 1

Our attitude has a profound effect on the quality of our life. Optimism and pessimism create two completely different realities. By taking a few simple steps to adopt a more optimistic and positive attitude, you can enjoy both immediate and long-term benefits. Here are some practical steps to help you lead a happier life!

### 1. Gratitude

According to Hans Selye, an expert on stress, gratitude is one of the healthiest of all human emotions. Being grateful exerts a powerful influence on your attitude. Not only does it make you feel better in that moment, but it will shift you towards more positive thinking. One simple technique is twice daily, before you go to bed and before you start your day, say three things *out-loud* that you are thankful for. You should find you not only sleep better, but your days will be better too!

### 2. Choose Happiness

Attitude is not about our circumstances or any other outside force. It is a decision we choose. You can see the negatives of a situation or you can look for the positives. See the positives, embrace happiness.

*"The greatest part of our happiness depends on our dispositions, not our circumstances."*

**-Martha Washington**

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## Interesting Facts:

- The tall, pleated white hat which is worn by chefs is called a toque. The Toque has folds each signifying a technique the chef has mastered.

-You can hear the world's largest animal's (the blue whale) heartbeat, from 2 miles away.

- It takes light a total of 8 minutes to reach Earth. And it is to be noted in space, light travels at 300,000 kilometres (186,000 miles) per second.

-While known for their 8 tentacles, the octopus has nine brains, 3 hearts and blue blood.

## Tired Of Losing Money?

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**“We make a living by what we get, but we make a life by what we give.”**

**-Winston Churchill**

## **No, YOU'RE Awesome!**

Did you know, March 1<sup>st</sup> is World Compliment Day?

After many successful celebrations of National Compliment Day, founder Hans Poortvliet from the Netherlands decided to turn it into World Compliment Day, dedicating a world-wide holiday to radiating positivity.

The objective of World Compliment Day is to compliment three people!

If you manage to compliment just three separate people today, you will have accomplished everything this holiday has set out to do — spread positivity and joy!

Get creative with your compliments! Try writing a nice note or email. Go into detail and be sincere as to why the person you choose to compliment is so appreciated.

Food for Thought... Mark Twain once said, “I can live for two months on a good compliment.”

## **This Could Cost You 1000's**

If you start with a \$1,000,000 portfolio and roll alternating heads and tails, then you could withdraw \$81,700 (8.17% of the initial amount) over the next 30 years before all the money runs out.

However, if you are unlucky enough to roll 15 straight tails before rolling 15 straight heads, you can withdraw only \$18,600 per year. Reverse the process and roll the 15 Heads followed by 15 tails and you can withdraw \$248,600 per year.

This phenomenon was first brought to the attention of the investing public by Philip L. Cooley, Carl M. Hubbard, and Daniel T. Walz from Trinity University. They looked at the success rate of various withdrawal strategies over numerous historical periods, and came to the conclusion that **only a withdrawal rate of 4%-5% of the initial portfolio value had a reasonable expectation of success.**

To put it another way, if you lose 30%, then gain 8% a year, it will take roughly 7 years to recover the losses...

Example:

\$500,000 Portfolio, - \$150,000 Loss = \$350,000 Balance

An 8% return, minus 28% Federal Tax and 6% State Tax is a return of 5.36%. At this rate it will take 7 years just to get the investment back to \$504,427. **Keep in mind that was compounding every cent earned without spending a dime.**

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## **Improve Your Attitude, Improve Your Life; Part 1**

### 3. Challenges not Problems.

There are always going to be hardships that arise in your life. Everyone goes through 'problems' at one time or another. The key here is to never call your hardships *problems*, instead call them *challenges*. The reasoning for this is subconsciously, problems are malicious and send us the message that something is wrong. Challenges, however are an opportunity, or an obstacle to overcome. It does not have the same negative connotations there; it will help you focus on positive things.

*“The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty.”*

**-Winston Churchill**

### 4. View Life as a Journey

Life should be enjoyed; it should be an adventure filled with discovery and wonder. Don't let fear or anxiety come in the way of your happiness. None of us know what is going to happen in the future. There will be both changes and challenges; don't be afraid of them, welcome them! Look forward to the new experiences they will bring, and how they will help you grow.

*To be continued (on next month's issue)*