

# 4 CHALLENGES DURING RETIREMENT

## MARKET VOLATILITY

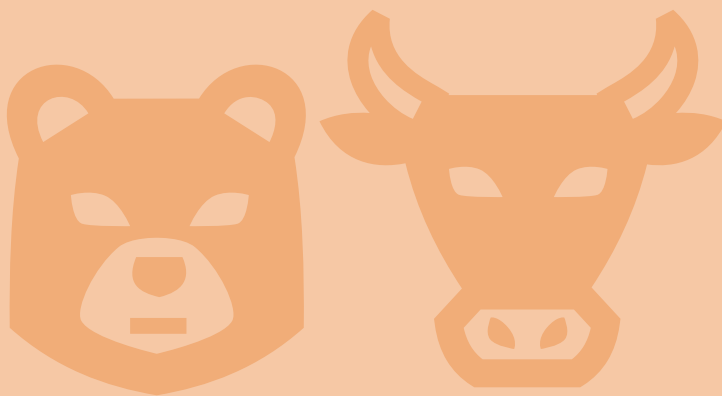


Stocks have lost at least **10%** approximately **23 times** in the last 122 years

Average volatility comfort among retired investors:

**20%** per year

**5.8%** per month



## SPENDING BEHAVIORS



### 3 Stages of Spending in Retirement

- EARLY (Age 60-74)**
- Typically most expensive stage
  - Retirees are most active
  - Travel increases
  - Focus on paying off the house

#### Sample Early Retirement Costs

One Week Vacation to Europe	\$5,000/person
One Week Vacation to Hawaii	\$2,500/person
Average payoff price of mortgage	\$280,500

- MID (Age 75-84)**
- Typically least expensive stage
  - Costs stabilize
  - Travel decreases
  - Focus on relaxation & maintaining comfortable lifestyle

#### Sample Mid Retirement Costs

Gifts to Family	\$14,000/per year
Country Club Membership	\$7,000/per year

- LATE (Age 85+)**
- Surprisingly expensive
  - Volatile Costs
  - Increased medical expenses
  - Assisted living & nursing home care

#### Sample Late Retirement Costs

Average Medical Costs	\$240,000 in retirement
Nursing Home Care	\$206/per day

## TAXES & INFLATION



### 5 Ways to Reduce Taxes:

- 1 Use tax-advantaged accounts
- 2 Choose tax-efficient investments
- 3 Consider working with a financial advisor to assist with alternative investments\*
- 4 Insurance and annuities
- 5 Move to a tax-friendly state

*This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified advisor.*

*\*Alternative strategies may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio.*

## LONGEVITY



High Healthcare Costs = Better Health = Longer Life

Average life expectancy:

**78.7** years

A long life requires:



**Investco:** Volatility Past, Present and Future, July 2014  
**Business Insider:** 8 Years Of Crisis And Stock Market Volatility, July 2014

*Market volatility is based on historical performance of Dow Jones Industrial Average. The Dow Jones Industrial Average is an unmanaged group of securities demonstrating how 30 large publicly owned companies have traded and cannot be invested into directly.*

**Fodor's Travels:** Average Cost of a Trip, July 2015  
**Go Visit Hawaii:** How much for a trip to Hawaii? (Budget Calculator), May 2015  
**CNBC:** Mortgage activity drops, but average loan size at record, April 2014  
**Forbes:** IRS Raises Limit On Tax-Free Lifetime Gifts For 2015, October 2014  
**AARP:** What Health Care Will Cost You, February 2013

**USA Today:** Life expectancy in the USA hits a record high, October 2014  
**National Institute on Aging:** Healthy Aging/Longevity, December 2014  
**Everyday Health:** Longevity, 2015