

RETIREMENT IN SIGHT



MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES
PRESENTED BY SCOTT E. HOLSTEIN, CPA, PFS, CFP® - SEPTEMBER 2020

QUOTE OF THE MONTH

“Elegance is not about being noticed. It's about being remembered.”

GIORGIO ARMANI

COULD YOU RETIRE AT 55?

Suppose you suddenly had to, or the opportunity presented itself. This prospect would not call for disregarding your carefully considered retirement strategy, but it would create some challenges.

Social Security, Medicare, and popular retirement accounts were all created with the assumption that Americans would need retirement benefits and sources of retirement income, sometime in their 60s. A typical 55-year-old has ten years to wait to enroll in Medicare and is seven years away from the chance to claim Social Security. Withdrawing money from a qualified retirement plan before age 59½ often triggers a 10% early-withdrawal penalty. (The CARES Act waives the 10% penalty in 2020 in certain situations.) So, one challenge is to generate income in your 50s from sources apart from retirement plan distributions and Social Security, perhaps using accounts that allow you penalty-free access to assets. There is also a big-picture consideration that comes into play regarding your income if you retire before 60. It means you will have saved for retirement for comparatively fewer years than some of your peers have, and you may end up paying for more years of retirement than they will. The other big challenge is to stay healthy and find and sustain health insurance coverage (remember, COBRA coverage usually lasts no more

than 18 months if you retire early). Should you retire at 55 by choice or chance, the circumstance calls for discussion, and a review of your income and insurance options.¹

Under the SECURE Act, once you reach age 72, you must begin taking required minimum distributions from your retirement plans in most circumstances. Withdrawals from your 401(k) or other defined-contribution plans would be taxed as ordinary income.



GOLF TIP

Get a driver with an appropriate loft for your game.

In golf, your driver or driving iron ideally has a clubface that can help you get more carry off the tee. High handicappers may benefit from having a driver featuring at least 10.5 degrees of loft. Golfers with a relatively low handicap may find a driver with 9-9.5 degrees of loft more to their liking.

Source: Golfweek, September 1, 2020

AS YOU RETIRE, PAY ATTENTION TO THE WEATHER

Look at practically any list of favorite places to retire, and you will notice some Sun Belt communities, coastal towns in particular. Some of these popular destinations can experience extreme weather, and that is giving some seniors pause.

In this century, people along the Gulf Coast have watched epic hurricanes, such as Katrina and Harvey, bring storm surges and rainfall that have inundated or wrecked whole cities. Other Sun Belt retirement "hot spots" are hit with bouts of dry heat: through August 31, the Phoenix area had experienced 50 days of temperatures of 110° or higher in 2020, including 25 straight days above 115°. Baby boomers unused to Sun Belt living may have second thoughts about moving to a place where high-tide flooding and installing hurricane shutters are seemingly annual occurrences, or where summer means staying indoors after 11:00 am. It can be informative to visit for a week or two in a Sun Belt retirement location you might be thinking about moving to, or even a few days "out of season." You might find out how acclimated you are (or aren't) to the surroundings.²



DID YOU KNOW?

Parts of one South American country have seen some long dry spells.

Chile has some of the aridest regions in the world. In fact, one locale in the famed Atacama Desert, Calama, has never had any recorded rainfall. Arica, a city on the Pacific Ocean, once went nearly 15 years (October 1903 to January 1918) without rain, and its average annual rainfall was 0.03" across a period of 59 years.³

ON THE BRIGHT SIDE

A May 2020 report from the Society of Actuaries found that 41% of U.S. retirees felt that their current financial situation met their pre-retirement expectations. Another 36% said they were doing either "somewhat better" or "much better" financially in retirement than they thought they would.⁴



BRAIN TEASER

If Alec Guinness can be rearranged into "Genuine Class," which well-known American actor and filmmaker can be rearranged from "Old West Action?"

STUMPED? CALL 800.458.9330 FOR THE ANSWER!

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CITATIONS

1. Forbes, July 21, 2020
2. Next Avenue, August 31, 2020
3. Arizona State University, September 1, 2020
4. Society of Actuaries, May 2020