BETTER MONEY DECISIONS

THE 10 STEPS EVERY SMART WOMAN MUST TAKE TO ENSURE HER MONEY LASTS IN RETIREMENT

FROM THE CEO

What's the scariest question you could ask your investment advisor?

I'll tell you the scariest one I get. "Will I have enough to retire?"

But that makes sense. Why wouldn't you wonder? Think about all the things you need to understand and consider.

- How should you determine cash flow strategies from your investments?
- How can you manage taxes as you withdraw retirement funds?
- Do you need a Roth conversion?
- Are your investments allocated globally and by market capitalization?
- Is your risk-and-return equation optimized to generate the income you need for the next several decades?

How could you possibly do all that alone?

When a client first comes to us she's typically overwhelmed by the financial industry, and doesn't know who to trust. Who is giving her objective, unbiased advice? She either knows or has a feeling that she's been ignored or taken advantage of by the advisory industry, but it's hard to know the right approach.

If any of that sounds like you, then don't worry. We have worked with thousands of women just like you. Despite how overwhelming it all seems now, everything will make sense with our help.

Warmest regards,

Lorraine Ell, CEO
Better Money Decisions

STEP 1

Understand That You Don't Have as Much as You Think

Years ago a wealthy friend of mine, as we sat in her home overlooking San Francisco Bay, declared, "A million dollars doesn't go as far as it used to." And she was right! It doesn't.

Once retired and faced with the money you saved, it's easy to be tempted to pay off the house, buy the fancy car you always wanted and take a round the world cruise. Don't! Settle into retirement first for a number of reasons.

Retirement is a dramatic change in lifestyle that can be a difficult adjustment. One day you have a predictable, well organized routine of life and the next day you are set adrift with little need for a clock let alone a calendar. Boredom can set in and the lack of purpose and meaningful work may create a feeling of despair. You looked forward to retiring for years but perhaps did not plan for what your days would be like.

YOUR MONEY TODAY WILL LIKELY BUY LESS TOMORROW

1916

$0.09 = Quart of Milk

1966

$0.09 = 1 Small Glass of Milk

2017

$0.09 = 7 Tablespoons of Milk

Source: Dimensional Fund Advisors

In the first year of retirement, you do not yet know how much it will cost. A budget and a solid financial plan will help but until you spend a year monitoring your investments and expenditures you will not have a realistic view. Overspending in the first year of retirement could lead to a reduction in lifestyle in the future.

In my years of helping retirees plan for the future, I have seen those with substantial assets have to curtail spending. A nest egg can be easily depleted by helping family members or spending at higher than realistic levels on life's luxuries. Think of it in terms of "selective luxury." You can't have it all, all the time but you can treat yourself to a few indulgences in moderation.

A true understanding of who you are and what is important to you will help in making wise spending decisions throughout retirement. Take the time to find what will make you the happiest and most fulfilled. That's what is worth its weight in gold.

The data in this report can help you make better decisions about your retirement planning. However, every situation is unique, and there is no cookie-cutter solution to your investment portfolio and financial plan. An experienced advisor can be your guide along the right path for you.

STEP 2

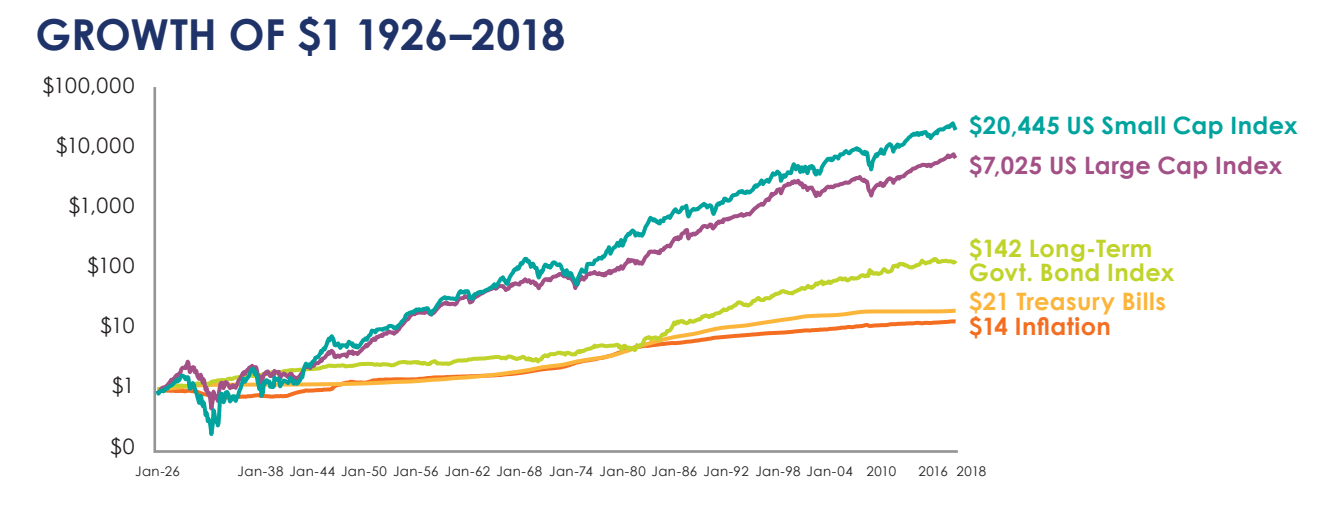
Monitor Investments

Retirement planning and management are not accomplished as well as they could be when you are doing it yourself. This is not the time in life to take a chance on trying to do what professionals do better. The stakes are too high. So professional money management is recommended — in particular, an advisor who is also a fiduciary.

Markets change and so do your circumstances. All too often I see portfolios that look like they were put together prior to the 1980s when investment vehicles such as Exchange Traded funds (ETFs) and passive mutual funds were not available. Even the ability to invest in international stocks and bonds was more difficult then and the typical portfolio consisted of stocks in large US companies and maybe a few individual bonds.

The science of investing, based on research going back decades now, shows the importance of diversification across multiple asset classes for a successful investment strategy. A confluence of three areas of academic research: Efficient Market Hypothesis, Modern Portfolio Theory, and the Four-Factor Model provides a scientific approach to investing.

The move now is away from an active management approach that relies on the judgment and experience of a manager to buy and sell based on forecasts and analytical research, to passive index-based management. In part, this is due to the documented fact that active managers are wrong well over 50% of the time.



This does not mean, however, that the portfolio should be set and forgotten! Disciplined rebalancing and repositioning of investments as markets develop and change over time is necessary. Otherwise you are left with a portfolio like those I mentioned earlier, stuck in a bygone era. Worse yet is the portfolio that moves out of the level of risk you chose because one asset class has appreciated more than others and the portfolio was never properly rebalanced.

Monitoring investment portfolios becomes even more critical with regards to risk and cash flow management. Being aware of the growth and, in some years, the decline of your investments will enable you to adjust your spending in lean years and develop strategies for making the money last throughout your lifetime.

STEP 3

Take Enough Risk

Wouldn't it be wonderful if we all had unlimited resources and could afford to put the money in a treasury bond and just live off the interest? Unfortunately, that is not the situation for most of us. Once retired, we have finite resources and those resources have to last for the rest of our lives.

That said, putting all our eggs in a basket of investments that carry no risk will not provide enough growth and income for us to live the life we want in retirement. One of the biggest investment mistakes is being too careful. The old rule of 100 minus your age to determine the appropriate risk for your portfolio has been proven untenable. Here's how that looks: if you are 65 then 100-65=35 which, according to the rule, means you should have 35% in stocks and 65% in bonds. This may have worked in a time when the average life expectancy was 75 and when short term bonds were paying 5% but it does not work now. Don't be fooled!

In fact, new research shows that if you start increasing risk in your portfolio as you age, you will modestly reduce the likelihood that you will run out of money. This runs contrary to everything previously touted but as I mentioned earlier, that is one of the dangers of failing to keep pace with current research and changes in investment strategies.

One of the primary reasons for a diversified investment portfolio is the need to keep up with inflation. Since the average life expectancy in the United States is around 85 years of age (women live a little longer so this is even more important for them) the need to beat inflation is critical. And these are averages. The number of people living into their 90s has increased 40% in the last decade. Recognize that the average rate of inflation over a 20-30 year period is substantial.

Having the appropriate stock to bond ratio will keep a portfolio healthy and producing cash flow for years. Determining the proper level of risk for you is dependent on a few factors—one of which is your personal ability to handle risk. Some of us have a higher risk tolerance than others but no one wants to live through retirement fearing a market crash.

Equally important is the ability of your investments to provide the lifestyle you want in retirement; an accurate understanding of which will be clearer with financial planning. It may be that you will need to take more risk than you are comfortable in taking. A professional advisor can help you keep your emotions in check in times of market turbulence so that you can live the life you want.

HISTORICAL RISK/RETURN (1973-2018)

	40/60	50/50	60/40	70/30
Average Annual Return	9.02%	9.72%	10.40%	11.06%
Best Calendar Year	23.59% (1975)	27.69% (1975)	31.86% (1975)	36.11% (1975)
Worst Calendar Year	-15.18% (2008)	-20.08% (2008)	-24.80% (2008)	-29.32% (2008)
Years with a Loss	8/46	8/46	8/46	8/46

STEP 4

Plan a Yearly Cash Flow Strategy

Planning yearly cash flow is as important as planning for retirement. Your nest egg of investments will provide cash flow so that you can live but without a strategy you could take money out of the wrong place at the wrong time.

We've all heard the horror stories from the 2008-2009 market crash when new retirees sold at market lows and lost 50% of their savings. But wait! That did not have to happen! This is a perfect example of the lack of cash flow management. Buying high and selling low is one of the biggest mistakes individual investors make and this is usually caused by a lack of forethought and planning for the cash needed to live.

One of the easiest ways to plan for cash needs in retirement is what is known as the bucket approach. By dividing your assets into their different uses (buckets) will help in understanding not only where the money is coming from but also what will need to be sold to keep the strategy working.

For example, one bucket may contain short term bonds, cash and maybe a CD or bond ladder to supply living expenses for the next 3-5 years so that if there is a market downturn, you don't have to sell at market lows.

THE SAME SEQUENCE OF RETURNS, BUT IN REVERSE ORDER

End of Year	Portfolio A	Balance	Portfolio B	Balance
1	-18.39%	$77,528	26.57%	$120,241
2	-19.14%	$58,506	19.61%	$137,631
3	-4.59%	$50,712	5.26%	$139,237
4	18.47%	$53,510	16.57%	$155,846
5	6.79%	$51,018	33.60%	$200,540
6	14.30%	$51,527	21.23%	$235,909
7	-15.39%	$38,395	13.92%	$261,752
8	14.59%	$36,709	-1.61%	$251,277
9	8.95%	$32,821	21.03%	$296,146
10	19.52%	$31,084	16.21%	$336,230
11	20.72%	$29,011	20.72%	$397,392
12	16.21%	$25,230	19.52%	$466,249
13	21.03%	$21,391	8.95%	$499,749
14	-1.61%	$13,353	14.59%	$563,719
15	13.92%	$5,992	-15.39%	$470,097
16	21.23%	**$0**	14.30%	$527,763
17	33.60%	$0	6.79%	$554,352
18	16.57%	$0	18.47%	$646,101
19	5.26%	$0	-4.59%	$607,610
20	19.61%	$0	-19.14%	$483,551
21	26.57%	$0	-18.39%	**$386,497**

Credit: Retirement Income and the Sensitive Sequence of Returns by Moshe A. Milevsky, Ph.D., and Anna Abaimova.

This chart shows that the decision in choosing what investment to use to create cash flow in any given year can have long reaching impact on the success of your retirement future.

Another bucket may be comprised of riskier investments to help fund living expenses in the future. You might even have a third bucket for extraordinary expenses such as a new car or major home improvements. The first bucket can be replenished throughout retirement by rebalancing the overall portfolio and using the growth proceeds to add to the "safer" bucket.

Another strategy is systematic withdrawal where you take small amounts from all of your investments to fund living expenses. Under this approach, the common standard used to be the 4% rule. In other words, limiting withdrawals to 4% of the value of the portfolio. Since markets fluctuate, this will mean that your income will also fluctuate.

The 4% rule may no longer be viable. As bond yields have decreased and with markets at all time highs, many predict a future decade with lower expected returns. So cash flow management is also not a one-and- done project but needs to be continually monitored for the money to last lifetime. It is paramount that you choose an advisor who can provide cash flow management consistently and effectively throughout retirement.

Buying high and selling low is one of the biggest mistakes individual investors make and this is usually caused by a lack of forethought and planning for the cash needed to live.

STEP 5

Track Spending

Once retired the desire to do all the things you could not do when working comes into focus. Dreams of international travel, buying an RV and touring the country, spending time at the beach, or indulging your grandchildren are part of why you saved for the future.

REALITY CHECK! If you are like the average retiree, you have finite resources and need to understand what you can and cannot afford. Now this doesn't mean you have to sacrifice your dreams. You just want to fulfill them with an eye on the actual costs, and it always costs more than you think!

One of the best ways is to keep track of your spending. With computers and the internet there are numerous programs that will aggregate your accounts and provide reports on what you are spending and where over different time periods; yearly, monthly and weekly. Most online account aggregators are free such as mint.com, personal capital.com, personalcapital.com, and youneed-abudget.com. It takes some effort to get these set up but once done are easy to maintain and will keep track of all of your assets and expenditures.

Part of making sure your money lasts is knowing where the money goes and how fast you are depleting your resources. Then you can make decisions about where to cut if you are spending too much or what other dream you can fulfill if spending too little.

Retirement BUDGET *Sheet*

Expenses NEEDS	BUDGET	ACTUAL	DIFFERENCE
Home: mortgage, rent, insurance, taxes, HELOC			
Utilities: electric, gas, cable, phone, water			
Groceries & household goods			
Clothing			
Auto expenses: car loan, insurance, repairs, gas			
Health Care: insurance, co-pays, medication			
Pet care			
Personal services: hair, nails, maid			
Credit card debt			
Miscellaneous			
SUBTOTAL			

Expenses WANTS	BUDGET	ACTUAL	DIFFERENCE
Dining Out			
Entertainment			
Travel			
Charitable gifts			
Hobbies			
Luxuries			
Miscellaneous			
SUBTOTAL			

TOTAL			

Women have UNIQUE FINANCIAL NEEDS

BEFORE RETIREMENT	IN RETIREMENT
Careers Often Interrupted to Care for Dependents	Financial and Emotional Costs of Caregiving
Gender Pay Gap	Less Confident About Investing
Financial Setbacks Due to Divorce	Higher Healthcare Costs
More Risk Averse	Longer Life Span

STEP 6

Be Flexible in Your Spending

You are retired and can choose what you want to do or not. Once spending is tracked, the analysis of where the money goes is the next step. This involves separating needs from wants and only you can make this decision for your life.

At Better Money Decisions, we talk to clients about using their money to live the life they want. Unless you have unlimited resources, decisions need to be made about where the money goes.

As markets fluctuate your spending can be adjusted to meet the decline in cash flow in any particular year. This may involve traveling or cruising every two or three years rather than every year. It may necessitate postponing the purchase of a new car for another year or so.

This is in your control but you need to be fearless about knowing when to adjust or even cut back. Baby boomers are known for wanting to have it all, always. Retirement means playing the long game. Too much spending in the first few years of retirement can have disastrous consequences later on.

This contradicts the conventional advice to spend more early in retirement because you are at your healthiest and want to do more.

The old adage of "go go, go slow, no go" can lead retirees to overspend in the early years and when the time comes to need more for health care and long term care the money is not there.

The willingness to adjust your spending when investment values decline or when inflation heats up and the necessities of life become more expensive will go far in making your money last. It's easy to say but hard to do in the moment as you see friends jetting to far off places and family members who need your help. But as with the advice delivered on airplanes of putting your oxygen mask on first before helping others, you need to take care of your needs so that you are not a burden on your family in later years.

STEP 7

Rightsize

Don't be house poor! Home ownership is the asset with the most emotional attachment. A 2015 report discovered that for those between the ages of 65 and 74, 56% found the emotional value of the home was more important than its monetary value. This percentage increased after age 75. It becomes clearer every day in my firm that these emotional decisions can far outweigh financial ones.

The emotional aspect of home ownership coupled with the prevailing advice from financial experts to pay off your house before retiring explains why I have seen far too many people who are what I call "house poor". They have taken an inheritance or made double payments on their mortgage without providing enough for the retirement savings to fund life after work. Having a paid for house can leave you cash strapped in the future.

The family home may end up being an albatross preventing you from living the life you want.

There is no argument that having a paid for house in retirement provides security and reduces the amount of income needed to live the rest of your life without worry. Paying off your primary home while still working AND saving for retirement is the ideal solution but taking liquid assets and exchanging them for the illiquid investment in a home is not the right decision in retirement.

Consider selling the large home and rightsizing to one that can be purchased with the equity already in your current home. The need for a large home is lessened in later years as children and loved ones move into their own homes. Rightsizing has many advantages: less house to maintain, less house to clean and lower costs for utilities and property taxes. By rightsizing you can have a paid for house and money to invest for living in retirement.

I often hear retirees dream of having the entire family back home for holidays and summer vacations but that rarely happens. Your children have busy lives with grandchildren involved in activities and friends. More retirees travel to their children's homes than the other way around.

I encourage you to think more practically about your home. Unless you live in one of the booming real estate areas of the country, home prices don't always appreciate. The family home may end up being an albatross preventing you from living the life you want. Take a good hard look at the value of your home both in terms of its investment potential and in terms of your expectation for its utility.

RIghtsizing frees you from the responsibility of the upkeep of a large home, frees up money you can spend on what you want in retirement and reduces the clutter accumulated over decades. Do you really want your kids or strangers to have to dig through your possessions after you are gone? Do everyone a favor and rightsize.

MANAGING EMOTIONS
Reactive Investing in a Market Cycle

Men and women have difficulty separating emotions from investing in their homes as well as the stock and bond markets. Having an independent coach to help make the right decisions can keep emotions in check.

STEP 8

Stay Healthy

Good health is the hallmark of a happy and successful retirement but it becomes increasingly difficult to maintain as age begins to take its toll. Keeping your mind and body healthy will enable you to live independently and enjoy the benefits of retirement well into your later years.

In addition to the lifestyle advantages of staying healthy, the monetary benefits are compelling. According to a recent study, couples retiring now at age 65 will need nearly $280,000 for health care expenses throughout retirement. Health care costs are increasing by over 6% per year, far more than the rate of inflation overall and the cost increases show no signs of stopping.

The steps needed to stay healthy are well documented. Exercise, limit alcohol, eat well, maintain a healthy weight, get regular check ups and stay safe is all good advice that is easier to write than to do. A healthy lifestyle will go far in reducing the need for medical services; thus reducing this expense in retirement.

Joining a gym is a way to not only stay physically healthy but to also increase social interactions leading to good mental and psychological health. Social engagement promotes physical and mental health. Studies have documented that those who are socially isolated have health risks at the level similar to a smoker.

It is also possible to reduce health care cost by reviewing your spending on a yearly basis. Medicare provides the opportunity to change your insurance during the yearly Open Enrollment Period between October 5th and December 7th. The website medicare.gov is easy to use and will provide a cost comparison of Part B/C and Part D insurance options. Part D offerings will change based on the medications you use so checking it yearly can save valuable dollars.

It also helps to be sure you are getting the best price for your medications. Apps like GoodRX will compare prices in your area for prescriptions. Beware of overcharging for medications bought through your Part D insurance plan! Believe it or not, at times, your medications can be purchased at a cheaper price if insurance is not used.

STEP 9

Start Comprehensive Financial Planning

Nothing replaces planning. Even if you are already in retirement and have not done a financial plan it's better late than never.

A comprehensive plan contains all of the financial information you will need to know throughout retirement. It should contain a valuation of all of your assets, your income streams, your expenses, and your goals and needs. A plan requires work on your part. The more detail you provide to your advisor, the more accurate the outcome. The amount of necessary information depends upon the scope and complexity of your situation. Some of the documents that may be needed are:

- Income Tax Forms
- Budget
- Investment Accounts
- Mortgages
- Debts
- Social Security Statement
- Rental Properties
- Business assets and liabilities
- Insurance policies

Data gathering is only the start. The data needs to be analyzed to discover the actions that need to be taken to meet your goals, answer your questions and create a plan for now and the future. You will need an experienced and competent professional to complete this analysis and communicate the results. You should expect specific recommendations and a plan of action to get you to your goals.

Perhaps the most important part of the planning process is implementation. A plan has no value if no action is taken to make it work for you.

Beware! Many so called "planners" will do a plan for you for little or no cost but the plan is not only a one time production but is all too often just a loss leader to get you to buy products such as annuities or commission based mutual funds. Find an experienced professional who is a proven fee-only, full-time fiduciary to help with the plan.

Remember, planning is about setting goals and finding the best path toward meeting them but life happens and plans need to be adjusted. That's the reason planning is a continuous process. As new questions and problems arise, a professional advisor can help revise the plan and aid in you making better financial decisions along the way to meeting your goals.

66%
of the nation's wealth will be controlled by women by 2030.

95%
of women will be their family's primary financial decision maker at some point in their lives.

STEP 10

Delay Taking Social Security as Long as Possible

The decision about when to start taking social security is one of the most important for any retiree. Social Security is guaranteed lifetime income with cost of living adjustments and remains a valuable safety net for the majority of retirees.

A popular recent headline in the media declares that "Social Security is bankrupt". Once you read further, you learn that it isn't really bankrupt but may have to reduce benefits if Congress doesn't take action to mitigate the dwindling reserves. When the news media declares that Social Security is bankrupt what they really mean is that the fund will not be able to pay 100% of benefits but will only be able to pay a percentage at a time in the future.

A disruption of benefits for retirees would amount to political suicide for any elected official. Social Security has had problems in the past but when the situation got desperate in the early 1980s, Congress took action and benefits have never been lowered.

So what should you do? Many retirees need to take benefits as soon as possible because they have not saved enough for retirement. This decision comes at a hefty cost. Starting benefits before full retirement age will reduce your lifetime benefits by up to 25%! If you wait until full retirement age (between 66 and 67 years of age for those born between 1950 and 1960), you will receive 100% of your yearly benefits.

Delaying taking benefits until age 70 is even better. Your benefits will increase 8% every year after full retirement age until the age of 70. That kind of return is hard to beat consistently with almost any strategy.

SOCIAL SECURITY BENEFITS

AGE OF BENEFIT START	PERCENT OF BENEFIT RECEIVED
62	70%
63	75%
64	80%
65	86.66%
66	93.33%
67	100%
68	108%
69	116%
70	124%

Source: Social Security Administration

If you can afford to wait, do so. A professional advisor should be able to help you make this decision and find a claiming strategy that works for you. If your advisor does not have an answer to this important decision, it's time to change advisors.

DOWNLOAD BOOK NOW!

WHAT SHOULD YOU DO NOW?

None of these steps have to be frightening or stressful.

We understand that it's not easy to take that first step toward getting financially prepared for retirement.

When you call us, you get a female advisor who will listen and understand you and your finances.

An easy phone call is the way to get started on your path to success. Call us today at (844) 507-0961, Extension 710.

HOW CAN BETTER MONEY DECISIONS HELP YOU?*

FINANCIAL WELLNESS FOR LIFE

Better Money Decisions is the only place you'll find Financial Wellness For Life®, the top comprehensive and holistic wealth management oversight program for retirees and pre-retirees. Take advantage of this rare opportunity to work with a woman-owned team of investment managers and planners. You'll receive one-on-one, concierge service from our Certified Financial Planners®. You'll get the knowledge, tools and personal guidance to achieve the worry-free retirement of your dreams.

INVESTMENT MANAGEMENT

Investing with Better Money Decisions begins with you, not the market! Once the Financial Wellness for Life planning process is complete, we'll recommend a portfolio designed exclusively for you, based on your needs and goals. Better Money Decisions' investment committee is headed by Lorraine Ell, Lea Ann Knight CFP® and Kate Stalter, national experts and authors of investment and planning columns whose work has appeared in Forbes, Kiplinger's and US News & World Report.

PERSONALIZED SERVICE

Better Money Decisions specializes in comprehensive service you won't find anywhere else. We get to know you: What goals are important to you? How can you achieve them? How can you relax and live the life of your dreams, with the knowledge that your financial future is secure? We partner with you to be sure you understand every aspect of your stock-and-bond allocation, as well as the various aspects of your plan.

Our pledge to you is that we will regularly review the elements of your plan and your investments, and always handle your requests in a timely fashion. Need a new vehicle? Home remodel or repair? Want to buy or sell real estate? Make charitable donations or give gifts to your family? We can help you with all those decisions, and many more.

If you are wondering how you'll achieve the retirement of your dreams, and begin this next exciting journey of your life feeling secure and confident, we can help. **CALL US TODAY AT (844) 507-0961, EXTENSION 710**, and we'll put you in touch with one of our expert advisors. There is no charge for this initial call. Don't wait any longer; make that call today!

**For qualified investors who have $500,000 or more in investable assets.*

BETTER MONEY DECISIONS WILL PARTNER WITH YOU TO DESIGN THE EXCITING NEXT CHAPTER OF YOUR LIFE.**

We are there for you, to help review your entire financial life—including your investments, but not limited to that. Our expert advisors are happy to speak with you, at no charge, to understand your financial concerns and learn how we can help. Please call us at (844) 507-0961, Extension 710, or email WeCanHelp@BetterMoneyDecisions.com to get the process started. We look forward to getting to know you.

***For qualified investors who have $500,000 or more in investable assets.*

DO YOU GET ALL THIS WITH YOUR CURRENT ADVISOR OR PLANNER?

	Better Money Decisions	Your Current Planner
Ongoing guidance on every financial question you have. Everything from buying or selling real estate, to spending money for your next vacation.	✓	?
Regular check-ins about your financial goals. Are you on track? Has anything changed in your life? Life is fluid, and full of changes and surprises. Your plan needs to be adaptable as well.	✓	?
Investments that are managed by a team of experts with decades of experience managing money for clients throughout the country.	✓	?
A portfolio that is hand-tailored just for you, to give you the best possibility of a successful retirement outcome. This means carefully determining the right asset classes and funds to balance risk and return, while also minimizing portfolio costs.	✓	?
Fully-diversified investments, including stocks and bonds from around the world. Our investment committee has deep knowledge of international business and investing, and we put that expertise to work for you.	✓	?
A unique Financial Wellness For Life roadmap with estate plan, taxes, charitable giving, and many other aspects. All these elements affect your financial life, and the program encompasses much more than just investing.	✓	?

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