How To Prepare For Retirement In Adverse Times
2

Deciding When To Claim Social Security Income
3

Do I Still Have To Buy Health Insurance?
4

CRAIG WILLEKE'S FINANCIAL NEWS DIGEST

MONEYLINE

Generation Xers Hit Hardest

Courtesy of Craig Willeke, LUTCF, CLTC

A report from the Pew Charitable Trust, "Retirement Security Across Generations," (May 16, 2013) explores how the Great Recession affected the wealth and retirement security of baby boomers relative to younger and older age groups. As it turns out, the downturn inflicted the greatest financial damage on Generation X, or those born between 1966 and 1975, who are now 38 to 47 years old.

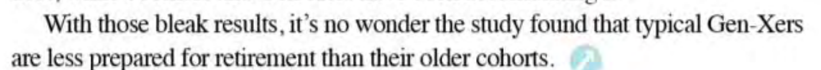
Here is Pew's breakdown of the Great Recession median net worth loss by age category (between 2007 and 2010):

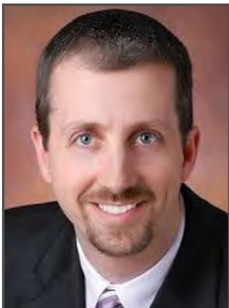
- Depression babies (born 1926-'35): 0
- War babies (born 1936-'45): lost 20 percent
- Early boomers (born 1946-'55): lost 28 percent
- Late boomers (born 1956-'65): lost 25 percent
- Gen-Xers (born 1966-'75): lost 45 percent

Why the disparity? According to the report, boomers benefitted from a mostly robust economy from 1982-'99, as well as a housing market that provided them with ample equity in their homes. In fact, boomers had higher overall wealth, financial net worth and home equity in their 50s and 60s than Depression or war babies had at the same ages.

But the two older groups benefitted from a mindset that was dead-set against debt, while boomers and Gen-Xers have been accumulating it.

With those bleak results, it's no wonder the study found that typical Gen-Xers are less prepared for retirement than their older cohorts.





Willeke Financial Group, LLC

8700 Executive Woods Drive
Suite 400
Lincoln, NE 68512

(402) 483-6656
www.willekefinancialgroup.com

Did you know that some hybrid-car owners must pay extra taxes? To make up for the gasoline taxes that owners of fuel-efficient hybrid and electric cars don't pay at the pump, several states charge extra fees or levy special taxes. Virginia is planning to charge $64/year for hybrids and other alternative-fuel cars. Washington State charges $100/year for all-electric vehicles. Similar levies are being considered in other states.
Source: FoxNews.com

Did you know that employer-provided retiree health insurance is fading? Only 25% of employers now provide financial assistance to help retirees under age 65 with medical costs, versus 60% in the 1980s. Many companies that still offer retiree health benefits are giving employees fixed amounts to find policies on their own or are raising co-pays and deductibles. If you plan to retire before age 65: Ask your benefits department what the company offers and what changes are likely before you become eligible for Medicare.
Source: InvestmentNews.com

"A tragic irony of life is that we so often achieve success after the chief reason for which we sought it has passed away."
— Ellen Glasgow

How To Prepare For Retirement In Adverse Times

By Anya Kamenetz, Tribune Media Services

No one can predict the future, but there are many reasons to believe that in the coming years, retirees will not be as well off as their predecessors.

Corporations and state and local governments have replaced defined-benefit pension plans with less expensive defined-contribution plans. This trend will continue. Health-care costs for retirees are increasing faster than the inflation rate. Residential real estate prices have fallen sharply from their high points in most parts of the country, and the prospects for appreciation are mixed. Home-equity loans, which typically have the effect of reducing the net assets available at retirement, are used too often.

Corporations are forcing employees out of the work force at younger ages. Conservative investments are returning less than 1 percent. And Congress may reduce entitlement benefits.

These are just some of the factors that spell trouble for those who are not saving for retirement at a serious clip.

One of the most important things to do is regularly invest a significant portion of your income for retirement. If you are not saving at least 10 percent of your net pay, you are probably not saving enough, especially if your employer no longer offers a defined-benefit plan.

When you receive a raise, immediately increase your savings. Rebalance once a year. That way, you are taking some profits from your more successful investments, and re-investing in alternatives that are at lower prices.

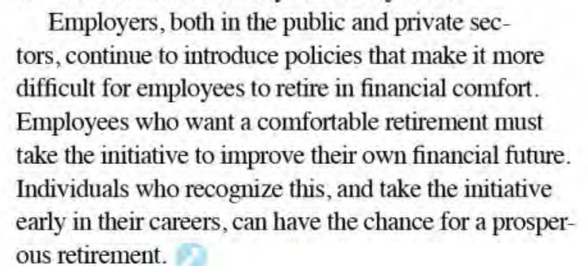
Do not invest too much of your retirement investments into your employer's common stock. You don't want to be too dependent on the financial stability of your employer.

If your employer offers a 401(k) match, make sure you contribute at least the minimum amount to receive the maximum employer match. Don't wait until your 50s to start a serious investment program. The earlier you start, the easier it will be.

Don't accept 100 percent of the financial burden regarding college education for your children. It's too expensive. Let your children know well in advance that they must accept a significant part of the financial burden, and encourage them to look for scholarships, grants and loans on their own.

If at all possible, try to go into retirement without an outstanding mortgage. If you can, make extra payments while you are employed to reduce the mortgage, especially if your interest rate is high. You will have a lot more flexibility in retirement if you own your home mortgage-free.

If you are close to retirement, and you believe your retirement income will be insufficient, consider options that will provide you with additional income. If you are considering self-employment options, talk to volunteers at your local SCORE chapter for free counseling and low-cost seminars before you actually retire.



Employers, both in the public and private sectors, continue to introduce policies that make it more difficult for employees to retire in financial comfort. Employees who want a comfortable retirement must take the initiative to improve their own financial future. Individuals who recognize this, and take the initiative early in their careers, can have the chance for a prosperous retirement.

Deciding When To Claim Social Security Income

By Elliot Raphaelson, Tribune Media Services

One of the most important decisions you will make in retirement is when to claim Social Security benefits. This decision can make a difference of thousands of dollars for you and your family. There is no one right decision for everyone.

You may claim your Social Security income (SSI), on the basis of your work record or your status as a dependent, as early as age 62 or as late as 70. Anyone who elects to receive benefits as early as 62 will receive a reduced amount for life.

For example, assume your full retirement age is 66 (as it is for people born between 1943 and 1954). If you file for benefits at 62, your SSI would be discounted by 20 percent. Thus, if you would qualify for SSI of $1,500 a month when retiring at age 66, electing instead to retire at 62 would reduce your monthly SSI to only $1,200 for the rest of your life.

The question is: when does it make sense to choose one option or the other? Many experts emphasize the "break-even" point. This is the age at which the total (reduced) amount received from age 62 onward is equal to the total amount you would have received if you waited until your full retirement age. According to attorney Joseph Matthews, author of the book "Social Security, Medicare and Government Pensions" (NOLO, 2012), the break-even point is generally between 75 and 76. If you die before that age, early retirement would have made sense. If you live past that point, you would have received more income by not electing early retirement.

At age 62, the average male can expect to live approximately 18 more years, and the average female 21 years. Based on those statistics, most individuals will receive more income from Social Security if they wait until their full retirement age.

Unfortunately, the break-even point is not the only factor that needs to be considered. It does not take into consideration the possible investment value if you choose to invest SSI funds between age 62 and 66. For example, if you took the $1,200 monthly SSI for four years and invested it with a rate of return of 6 percent, its value at the end of four years would be approximately $65,000, which you could still invest. That's approximately $65,000 you wouldn't have if you postponed receiving benefits until age 66.

Of course, there is no guarantee you can earn 6 percent on your investment. Moreover, it is unlikely that someone who needs the income at age 62 will invest it. If you are in good health, and you can afford to wait, holding off until your full retirement age is worth considering.

"I'm not very smart about investing. When they talk about a 'dip' in the market, I think they mean *me*."

Five warning signs that a Craigslist rental is a scam: Some thieves use Craigslist to steal renters' identities or their first month's rent. *Warning signs:* The listing does not include photos or a city name. The contact's e-mail address looks phony—like "kydixororoaquep"—because it's an autogenerated e-mail account that's harder to trace. The deal sounds too good to be true—perhaps a security deposit is not required. You are told that prior bad credit won't make a difference—this indicates that the scammer is simply preying on people with substandard credit.

Source: Bottom Line Personal Magazine

Emergency alarm scam: Seniors are being targeted by telemarketers selling personal emergency alarm systems costing $30/month or more. Robocalls insist that the alarms are necessary in case of break-ins and medical emergencies. Some of the calls are just pushy…others are scams trying to get credit card information. Watch out for calls that try to create panic or that push for immediate action. If a call says to press a button to speak to a representative, just hang up.

Source: BBB.org

"Money isn't the most important thing in life, but it's reasonably close to oxygen on the 'gotta have it' scale."

— Zig Ziglar

CRAIG WILLEKE'S
FINANCIAL NEWS
DIGEST

6100 Fairview Road, Suite 400
Charlotte, NC 28210

Craig Willeke is a Registered Representative offering securities through NYLIFE Securities LLC., Member FINRA/SPIC. A Licensed Insurance Agency. One Valmont Plaza, Suite 100; Omaha, NE 68154
Financial adviser offering advisory services through Eagle Strategies LLC, a Registered Investment Adviser. Willeke Financial Group LLC, is not owned or operated by NYLIFE Securities, or its affiliates.

This publication is provided to our readers as an informational source only. The ideas, opinions and concepts expressed here should not be construed as specific tax, legal, financial or investment advice. You should consult your professional advisers regarding your particular situation.

Do I Still Have To Buy Health Insurance?

By Kimberly Lankford, Kiplinger's Money Power

Q: *I saw that the provision in the Affordable Care Act that requires most businesses to provide health coverage starting January 1, 2014 was delayed. Does that mean I won't be penalized if I don't have health insurance by January?*

A: No. The delay affects businesses more than it does consumers. Employers with 50 or more full-time employees won't be subject to penalties if they don't provide health coverage next year. Workers whose companies continue not to provide health insurance in 2014 will be able to buy coverage on the state-based exchanges—and if you don't sign up, you will have to pay a fine.

If you already have health insurance through your employer, you'll probably see few changes in 2014 specifically because of the health-care law.

If you buy health insurance on your own, you can shop on the exchanges during open enrollment, which is still scheduled to begin on October 1 for coverage to start on January 1. Starting in 2014, insurers will no longer be allowed to reject anyone for coverage or charge them more because of their health. The law also sets limits on how much insurers may charge older buyers. For example, premiums for a 64-year-old can be no more than three times as much as they are for a 21-year-old.

People whose modified adjusted gross income is between 100 percent and 400 percent of the federal poverty level can qualify for subsidies to buy coverage on the exchanges (if they don't have other coverage that meets certain standards).

Individuals who choose not to have health insurance will still be subject to a fine—1 percent of your yearly income or $95 per person for the year, whichever is higher. The penalty gradually increases until 2016, when it is 2.5 percent of your income or $695 per person, whichever is higher.