

# Retirement Insight

Fellowship of Fiduciary Education

June 2016



Fellowship of Fiduciary Education, LLC.

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## Rate Watch

S & P	2,085.25
NASDAQ	4,416.50
Dow	17,776.00
Oil	48.85
EUR/USD	1.1343
Gold	1,284.60
10 Year Treasury	1.6560
1 Yr CD	1.26% APY
3 Yr CD	1.66% APY
5 Yr CD	2.1% APY
30 Yr Fixed Rate Mortgage	3.78%
15 Yr Fixed Rate Mortgage	2.75%

\*Rates taken from Yahoo Finance and Bankrate.com 6/20/16

## Brain Teasers

### How Can You Make Your Retirement Money Last?

*These spending and investing precepts may encourage its longevity.*

**All retirees want their money to last a lifetime.** There is no guarantee it will, but, in pursuit of that goal, households may want to adopt a couple of spending and investing precepts.

#### **One precept: observing the 4% rule.**

This classic retirement planning principle works as follows: a retiree household withdraws 4% of its amassed retirement savings in year one of retirement, and withdraws 4% plus a little more every year thereafter - that is, the annual withdrawals are gradually adjusted upward from the base 4% amount in response to inflation.

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### Retirement Blindspots (Updated)

*Some life & financial factors that can be overlooked.*

We all have a "blue sky" vision of the way retirement should be, yet it helps to plan for retirement with a little pragmatism. Fate may

14 of the kids in the class are girls. 8 of the kids wear blue shirts. 2 of the kids are neither girls or wear a blue shirt. If 5 of the kids are girls who wear blue shirts how many kids are in the class room?

Look for the answer in our next newsletter!

See below for the answer to last month's brain teaser...

One family wants to get through a dark tunnel. Dad can make it in 1 minute, Mom in 2 minutes, son in 4 minutes and daughter in 5 minutes. Only 2 people can go through the tunnel at one time moving at the speed of the slower one. Can they all make it to the other side if they have a torch that only lasts 12 minutes and they are afraid of the dark?

**Answer: First Mom and Dad - 2 minutes. Dad comes back - 3 minutes. Both children go to Mom - 8 minutes. Mom comes to Dad - 10 minutes and they both get to their children - 12 minutes.**

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Shelli Richardson

8470 Enterprise Cir. Suite 321  
Lakewood Ranch, FL 34202  
Office Phone: 941-361-1510

9800 4th Street North, Suite 200  
St. Petersburg, FL 33702  
Office Phone: 727-201-5457

[shelli@richardsonretirementsolutions.com](mailto:shelli@richardsonretirementsolutions.com)  
[www.RichardsonRetirementSolutions.com](http://www.RichardsonRetirementSolutions.com)

[shelli@royalfundmanagement.com](mailto:shelli@royalfundmanagement.com)

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alter the course of our retirement in ways we do not currently anticipate. So, as we plan for the next act of life, we may want to think about (and plan for) some life and financial factors that are often overlooked.

**We may retire earlier than we think we will.** Some of us envision leaving the workforce at "full" retirement age (66 or 67), looking forward to "full" monthly Social Security benefits rather than slightly reduced monthly payments. Will that happen? It might not, according to data released this year by the respected Employee Benefit Research Institute.

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### **What Are Catch-Up Contributions Really Worth?**

*What degree of difference could they make for you in retirement?*

**At a certain age, you are allowed to boost your yearly retirement account contributions.** For example, you can direct an extra \$1,000 per year into a Roth or traditional IRA starting in the year you turn 50.<sup>1</sup>

Your initial reaction to that may be: "So what? What will an extra \$1,000 a year in retirement savings really do for me?"

That reaction is understandable, but consider also that you can contribute an extra \$6,000 a year to many workplace retirement plans starting at age 50. As you likely have both types of accounts, the opportunity to save and invest up to \$7,000 a year more toward your retirement savings effort may elicit more enthusiasm.<sup>1,2</sup>

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