Financial Focus

RETIREMENT PLANNING

Q: How Safe Are Your Investments?

A: The stock market has plummeted recently – enough to be concerned. Investors should be aware of the risk in their portfolio and should create a better mix of investments to avoid larger losses like in 2000 and 2008. Have you done that? What if the market gets worse?

Are you concerned about losses? Speculating with your money creates a risky situation. Now is the perfect time to get a second opinion on your holdings and perhaps make the necessary changes to help you to navigate through what's ahead.

Everyone can benefit from some simple advice from Warren Buffet: Rule #1: Never lose money. Rule #2: Never forget rule #1!

Constantly striving for financial improvement is the basis of prosperity. It's important to develop a sound financial plan, implement it and remain vigilant about financial tune-ups.

The first step to a prosperous future is to get going! Complacency and procrastination will cost you dearly. If you are long overdue for a second opinion and are worried about the stock market, outliving your money or what's the best thing to do with what you have, call Lifeguard Financial today at (440)942-1936.

Be sure to visit our Learning Center at www.lifeguardfinancial.com.

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LIFEGUARD FINANCIAL
Retirement Planning Services

Financial Focus

RETIREMENT PLANNING

Q: Should I invest in an annuity?

A: Yes and no. There is so much more to consider. What is your age and risk tolerance level? What is this money to be used for; income, for heirs, to avoid market losses, for growth, for a future purchase, for tax advantages, etc.? Not all annuities are the same. There are some I would endorse and others I would not. People own a bad stock but continue to invest in the market. People who are sold bad annuities think all annuities are the same so they avoid them, even though there are some that are quite good. One disadvantage to an annuity is if you need it for a purchase in the near future, do not invest in it, unless a short term, fixed rate annuity-24 months-would work. There are many good benefits on annuities. I prefer fixed index over variable for these reasons: gains are protected, fees are far less, the income and death benefits generally payout substantially more money, and there is no risk of losing money in the stock market. You can withdraw up to 10% every year without a penalty, heirs do receive all money left in the account upon death, and some have a benefit for long term care even if you are uninsurable. If you are concerned how the market might affect your retirement, then the right annuity may be the perfect product. Whether you own one or are considering one, our Annuity Report compares all annuities: fees, benefits, pro's, cons, highest payout, lowest fees, most growth potential, etc. This information will give you a clear understanding of what you own and which one to buy based on the information and facts. Suze Orman says " In an index annuity your money can only go up never down. It will protect you from risk both in the short and long term. If you do not want to invest in the stock market, a good index annuity may be right for you." We are conducting business via phone, facetime, fax, mail, and e mail. If you are considering an annuity or want to know how to get the most out of yours, please contact Lifeguard Financial today for you free Annuity Comparison Report.

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Q: ***I heard that recent legislation eased rules on funds in retirement plans, IRA withdrawals and loans. Would you please explain it?***

A: The Coronavirus Aid, Relief and Economic Security Act (CARES) will make it easier for you to access retirement funds if you have been diagnosed with the virus, if you've experienced adverse financial consequences as a result of being quarantined, laid off, or your work hours have been reduced, you're unable to work due to childcare or your business had to reduce hours or close.

If you are younger than 59-1/2 the 10% early withdrawal penalty is waived, you can choose not to have taxes withheld and pay them over the next three years. You can also repay the withdrawal over the next three years.

The law waives IRA required minimum distributions for 2020 for most IRA's and retirement plans. It also applies to inherited IRA's. Other changes impact loan limits, repayments and in-service distributions.

Be sure to check with your employer to see if their plan offers these features. Experts recommend caution when considering early distributions and loans.

Contact me today at (440) 942-1936 for more information about the advantages and disadvantages of using these strategies and for a free copy of the COVID 19 changes.

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Q: What is the best way to leave/give an inheritance to my children or spouse?

A: The largest amount of money heirs inherit generally come from a taxable IRA, 401(k) or 403(b). The amount will most likely put your children in a larger tax bracket. Thus, they will lose a significant amount to Federal or State income taxes, not inheritance taxes: If there's a large, high net worth estate then inheritance taxes will also apply. Giving your heirs a large taxable account in a lump sum is a poor strategy. The new CARES ACT changed distribution rules, so this is not the best way to leave your children or spouse a large sum of tax-free money.

An Inherited IRA Legacy Plan is the most tax efficient strategy that will allow you to leave a much larger amount of money to your children and it's all free of taxes.

Transferring money from taxable IRA's, 401(k)'s and 403(b)'s to a no-lapse Index Universal Life or Survivorship life insurance product has an actuarial leveraging and income tax-free death benefit that will, by far, provide a larger inheritance. By simply reinvesting withdrawals or after-tax required minimum distributions (RMD's) into the right life insurance policy, you'll benefit in many ways.

Investing these tax dollars into the market will not be guaranteed what that money will earn. And all gains will be taxed. A life insurance policy will avoid these pit falls. The benefits of channeling after-tax IRA distributions into a guaranteed, no-lapse life insurance policy are significant. When compared with the taxable yields of alternative investments, the net results are outstanding.

Then there is the matter of guarantees. The life insurance policy guarantees a no-lapse benefit and a guaranteed large tax-free death benefit versus the non-guaranteed taxable financial instrument.

Here's an example:

Client is age 70 with a $400,000 IRA. If he dies in a year, his children would have to pay approximately $160,000 in income and state taxes on their inheritance leaving them with $240,000.

Instead, let's take his RMD of $12,000 and purchase a $400,000 life insurance policy. He dies in a year. His children inherit $400,000 free of taxes plus what's left in the IRA after taxes. The children will end up with over $700,000 after taxes versus $240,000 when giving them a lump sum, taxable amount of money.

You've controlled your taxes, your children's taxes, almost tripled your children's inheritance and while you're alive, you'll have access to a portion of the cash value within the policy to spend free of taxes.

Please call our office for a second opinion, IRA/life insurance review or to discuss how to set up an Inherited IRA Legacy Plan for you and your children. (440)942-1936.

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RETIREMENT PLANNING

Q: What's the best way to plan for retirement?

A: Planning for retirement is complicated. Most investors rely solely on stock investing to provide a comfortable retirement. And, most people aren't saving enough.

First, decide when you want to retire? Nowadays, people are living and working longer. The average retirement age is sixty-seven for people born after 1959. Determine how much per month you'll need to last into your 90's. If you die sooner, you'll have lived a comfortable retirement. If you don't plan for a long life, you could run out of money too soon. There are 1.9 million people in the U.S. today over 90. There will be 4 million in the next decade. You could be one of them.

Your retirement monthly expenses typically include food, clothing, possible rent or mortgage, taxes, travel, health care costs, auto expenses, insurances, gifts, cable, internet and cell phone fees.

Identify the sources of retirement income. Where will it come from: Social Security, pension, rental income, savings, etc? You should consider purchasing the right annuity now. It will grow at a guaranteed return (example 10% annually) every year until you convert it to income. It will then pay a high, monthly income for life. You will not lose money in the stock market and heirs will receive all unused money. Not all annuities are good. If you own one or are considering one, contact us for a free analysis.

There are other points to consider: When to take Social Security and which option will maximize yours, what to do and not do with your 401(k) or 403(b), minimizing risk and losses as you get closer to retirement, protecting you and your nest egg from nursing homes, creating an income plan now in case you lose a spouse/income or lose your job unexpectedly due to downsizing or for health reasons.

You don't have to do it alone. Call us for guidance at (440)942-1936. You'll receive a fresh, second opinion and will learn what you should do to get on track and how to do better with what you have.

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RETIREMENT PLANNING

Q: I recently became unemployed. What should I do with my 401(k)?

A: This is a very important decision. Making the right choice will have a positive effect on your retirement and eliminate a lot of money worries.

You will want to have control of your money once you leave your employer. Develop a relationship with a local, reputable retirement planning advisor who will help you determine the best course of action to take.

Since your paycheck has stopped, you'll be able to better manage and lower your risk. You can create an income stream to subsidize other sources you may be using for monthly income. You can create a portfolio with a better mix of investments that will be more in tune with your goals. You'll avoid the mistake of taking income from the wrong accounts.

Most important is the fact that if you leave your funds in your employer's retirement account and use it for income, your spouse may not receive money upon your death if you make the wrong decision. Even if you elect joint life income, your children will not receive any money left in the account when you and, if married, your spouse pass away.

When you retire, rollover your 401(k) or 403(b) to a personal IRA. When you (and your spouse) are deceased, your children will receive all money remaining in your qualified account.

For professional advice on retirement planning, call our office at (440)942-1936 to receive a free pamphlet: 401(k) and 403(b) Rollover Mistakes.

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Financial Focus

RETIREMENT PLANNING

Q: I am a woman who doesn't know much about investing: Can you advise me on where to start?

A: If you're a woman, knowing how to handle investments is a necessity. 75% of women are widowed or divorced by 56 and less than 15% of women who are married are involved in investment decisions. Applying yourself now will better prepare you for a future financial crisis: loss of spousal income upon death, outliving your money, losing it to nursing homes, overpaying fees, losing a lot of money when the stock market collapses, or receiving bad advice.

Most people have investments but lack a comprehensive plan to get to and through retirement. Women can become good investors with the proper guidance. Control fees, losses, taxes and spending – you'll do better than most.

Tips

1. Spend 15 – 30 minutes weekly reviewing financial statements and tracking balances.
2. If married, be sure you have some money in your own name. Make sure your name is on all non-IRA accounts, life insurance, IRA's & Retirement plans as a beneficiary. Have a credit card in your own name.
3. If you are married, create a plan now in case you are on your own someday due to an unexpected early death or divorce.
4. Write down your goals. Wealth is the result of good planning, getting started and sticking to the plan. Give it time. Review and reset your goals semi-annually.
5. Get advice from a professional retirement planning expert – you'll worry less about your financial future.

Improvement comes with change, not chance. Take action now. Whether you're single, widowed, divorced or married, you don't have to do it alone. It's easier than you think.

Call Lifeguard Financial at 440-942-1936 to schedule a free review and receive a copy of my book "There's a Crack in Your Nest Egg" – an owner's manual for a successful retirement.

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RETIREMENT PLANNING

Q: I want to retire but don't know about the risks I will face when my paycheck stops?

A: When planning for retirement, it takes more than accumulating a sum of money to meet the challenges you may experience. What if there are market downturns? What if you live into your 90's? Will you outlive your money? What if you're married and lose a spouse through divorce or death and lose his/her Social Security and pension (or your Social Security)? Who will take care of you if you become ill? How will you protect you and your money from nursing homes? What if interest rates remain low?

Planning for a secure retirement is something you should not do alone. A professional retirement planner who does more than invest in the stock market will better prepare you to overcome retirement challenges. You'll make good decisions based on facts and information. A custom, tailored plan will help you navigate through all market downturns. Your objectives will be met with proven solutions for growth, income for life, protection from large losses, minimize fees and taxes. In addition, you'll have a plan to avoid nursing homes so you can stay in your home and bring in professional caregivers.

In order to eliminate your financial worries and stress, you should talk with your financial professional about the above or call Lifeguard Financial at (440)942-1936. It's easier than you may think.

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