



INVESTMENT
ANSWERS®

4205 Springhurst Blvd.
Suite 102
Louisville, KY 40241
502-690-3434 • Fax: 502-690-3437
855-741-8747 (Toll Free)
www.InvestmentAnswers.net

R. Travis Terlau, CFP®
Investment Advisor
Representative

Investment Answers LLC is a Financial Advisory firm. Investment Advisory Services offered by Investment Answers Capital LLC, a KY and IN Registered Investment Advisor.

financial



U C C E S S

SUMMER 2018

Sandwiched Between Generations

According to Retirement Advisor, in 2014, nearly half of adults in their 40s and 50s have a parent age 65+ and are either raising a young child or financially supporting a grown child. The data has shown this trend is continuing to grow. Having started families later than past generations, their children may just now be entering college or still living at home. At the same time, aging parents may need financial assistance. It is a dilemma that is likely to become more common.

Caring for Parents

As life expectancies continue to rise, it becomes increasingly likely that you may need to help an aging parent. On www.InvestmentAnswers.net/knowledgecenter we have many resources. Print our *Peace of Mind* Checklist to help organize essential life documents and their locations. Some financial precautions you should consider now include:

✓ Investigate long-term-care insurance for your parents. If they can't afford the insurance, you may want to purchase it for them.

✓ Have your parents prepare a listing of their assets, liabilities, and income sources, including the location of important documents. This can save time if you need to take over their finances.

✓ Make sure your parents have legal documents in place so someone can take over their financial affairs if they become incapacitated. Delegating healthcare decisions for when they are unable to speak on their own behalf is a vital part of long-term wellness.

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Calendar of Events

2018 State of the Markets

Thursday, September 6, 6:00 – 8:30 p.m. | Two Rivers Restaurant, General Butler State Park | Dinner Provided

Monday, September 10, 6:00 – 8:30 p.m. | Clifty Falls Restaurant, Madison | Dinner Provided

Tuesday, September 11, 6:00 – 8:30 p.m. | Drury Inn & Suites, Louisville | Dinner catered by Ladyfingers

Optimizing Your Social Security Benefits

Saturday, September 15, 10:30 a.m. – 12:30 p.m. | Le Moo, Louisville | Brunch Provided

Monday, September 17, 6:00 – 8:30 p.m. | Le Moo, Louisville | Dinner Provided

Tuesday, September 18, 6:00 – 8:30 p.m. | Le Moo, Louisville | Dinner Provided

Client Appreciation Event

Saturday, October 13, 10:30 a.m. – 3:00 p.m. | Captain's Quarters, CQ Princess Cruise | Brunch Provided

Optimizing Your Social Security Benefits

Monday, October 15, 6:00 – 8:30 p.m. | Clifty Falls Restaurant, Madison | Dinner Provided

Thursday, October 18, 6:00 – 8:30 p.m. | Two Rivers Restaurant, General Butler State Park | Dinner Provided

Beer & Wine Tasting

Friday, October 19, 6:00 – 8:00 p.m. | Madison Apothecary | Refreshments Provided

Friday, October 26, 6:00 – 8:00 p.m. | Total Beer & Wine | Paddock Shops, Louisville | Refreshments Provided

For more event information or to RSVP, call our office at 502-690-3434.

You can also go to www.InvestmentAnswers.net and click on "EVENT RSVP."

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Squeezed

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✓ Understand the changing tax laws if you provide financial support to your parents. You may be able to claim them as dependents if you provide more than half of their support. You may be able to deduct medical expenses paid on their behalf.

✓ Find out if your employer offers a flexible spending account for elder care. This may allow you to set aside pretax dollars to pay elder-care expenses for a dependent parent.

Assisting Your Children

For many families, college costs are significant. While you may want to pay all college expenses for your children, it may not be feasible with competing needs to save for retirement and/or assist parents. Knowing your own financial situation will help your family discuss what is financially viable and what kinds of support are realistic for you to provide. Consider these strategies:

✓ Shift some of the burden of their education onto them by requiring them to work or take out student loans.

✓ Understand the financial aid system, investigating all financial aid sources. Search for scholarships that are not based on need. Apply to several different colleges, looking for the best financial aid package. Negotiate with your child's preferred college to see if you can increase that package.

✓ Look for ways to reduce the costs of college. Your child can start at a community college, which is often cheaper than a four-year university, especially if the child commutes from home. Also consider a public university in your state, which will generally be more affordable than a private university.

Once your child graduates from college, don't assume your financial responsibilities are over. Adult children may return home for a variety of reasons — they can't find a well-paying job, they have too much debt to live alone, or they divorce and need financial support. If your child returns home, realize there are increased costs — additional food,

Time — Friend or Foe?

You will never regret accumulating retirement savings over the decades of your life, actualizing the power of compounding interest, and allowing time to work as your greatest ally.

The sooner you start saving, the less you'll have to put away each month to accumulate the needed funds for retirement. For example, say as a 25-year-old you open an IRA and save \$100 a month (\$1,200 per year). The IRA earns an average of 6% a year. After 40 years — when you're 65 and ready to retire — your account balance could grow to over \$185,000.

But let's say instead, you put off saving until you are 45. At the same rate of saving in an IRA with the same returns, by the time you're 65, your IRA balance would be just about \$44,000. Starting when you're 45, you'd have to contribute \$420 a month until age 65 to save about \$185,000. At least that would be less painful than if you waited until you were 55. Then to match the end result,

you'd have to save \$1,175 per month. *(These examples are provided for illustrative purposes only and are not intended to project the performance of a specific investment vehicle.)*

One way people often try to compensate for getting a late start in saving is to shoot for a higher rate of return. Instead of settling for the 6% a year we used in the example, why not go for 10%? But there are two problems with that strategy. The first is investments don't always provide consistent returns.

Second, to earn higher rates of return, you have to take on more risk. That's fine when the big returns come in; but in the long run, big returns in some years are usually paid for with big losses in others.

Not everyone realizes time spent not saving can have a significant cost, and there are only so many ways to make up for it. The sooner you start putting more money aside, the better. ○○○

phone bills, utilities, etc. Consider charging rent and imposing a deadline on how long he/she can stay. For more information on this, read our blog, "Loan Carefully" on our Knowledge Center at www.InvestmentAnswers.net/knowledgecenter.

Don't Forget Yourself

When faced with the competing needs of children and aging parents, it's easy to neglect your own need to save for retirement. But don't feel guilty about your retirement needs. One of the best gifts you can give your children is the knowledge that you will be financially independent during retirement. Consider the following:

✓ A CERTIFIED FINANCIAL PLANNER™ professional is uniquely qualified to help you calculate how much you will likely need to save


for retirement to afford the quality of lifestyle you desire. Once you have a realistic financial plan in place based on all of the expenses you have by supporting the generation before and after you, start out saving what you can for your own future. You may need to amend your retirement plans.


✓ Take advantage of all retirement plans. Enroll in your company's 401(k), 403(b), or other defined-contribution plan as soon as you're eligible. Also consider investing in individual retirement accounts.


✓ Reconsider what retirement may look like. It may not be a time of total leisure. Listen to our discussion about this on our podcast, "E5: Part-time Retirement," where we discuss the many reasons why retirees return to the workforce. ○○○


Part-Time Retirement


People are starting to redefine retirement from a time of total leisure to a time for more leisure with work still occupying part of their time. Some continue working out of financial necessity. Others work to keep busy or because they enjoy working. If you're retired and are considering going back to work, answer these questions first:

 **Will you earn enough to make working financially worthwhile?** Calculate how much you'll earn after paying taxes and work-related expenses. Consider whether the additional income will increase your marginal tax bracket or disqualify you from certain tax deductions or credits. Don't forget to consider work-related expenses.

 **Will your earnings affect your Social Security benefits?** If you are full retirement age or older, you can earn any amount of income without reducing your Social Security benefits. However, individuals between the ages of 62 and full retirement age lose \$1 of benefits for every \$2 of earnings over \$17,040 in 2018. Additional income could make a portion of your Social Security benefits taxable. Up to 50% of benefits are subject to federal income taxes if adjusted gross income plus nontaxable interest plus one-half of Social Security benefits exceeds \$25,000 for single taxpayers and \$32,000 for married taxpayers filing jointly. 85% of Social Security benefits are subject to federal income taxes if that income exceeds \$34,000 for single taxpayers and \$44,000 for married taxpayers filing jointly.

 **Are you approaching age 70½?** If so, going back to work may prevent you from having to take minimum distributions from your 401(k) or other employer plan. You will, however, have to start taking distributions from traditional IRAs.

 **Are you thinking about starting a business?** Many retirees choose to turn a hobby or work experience into a business venture. If you do, be careful not to deplete your retirement savings to fund the business. Find other sources for funding.

 **Do you know why you are going back to work?** Be realistic about what you can expect from your new job. If it's just a part-time job to keep you busy, you probably won't have as much responsibility as you were used to at prior jobs. ○○○

Dill Cucumber Salad

INGREDIENTS:

- ½ t. ground Black Pepper
- ½ t. Sea Salt
- 2 t. ground Coriander (optional)
- 3 T. apple Cider Vinegar
- 1 T. Raw Honey
- 3 Cups Cucumber, thinly sliced (~1 medium cucumber)
- ½ Cup Red or Yellow Onion, thinly sliced
- 2 T. Fresh Dill, finely chopped

Combine all spices and honey in a bowl. Mix until incorporated. Add cucumber, onion and dill; toss until completely covered.

Refrigerate the salad, covered, at least 1 hour. Stir once or twice during refrigeration to ensure all is covered. Serve immediately; however, it can hold for 24 – 48 hours if refrigerated.

We highly recommend serving this on top of thinly sliced smoked salmon (lox), cream cheese, and toasted bagel or naan bread with a side of fresh tomato.

Our young daughter is the one who makes this for the family and it has been a hit!

Investment Answers News

We have some exciting news! We recently launched a podcast, *The Investment Answers Podcast*.

Your hosts are

Travis -AND- Kelly Terlau!

A podcast is an online “radio show.” You can listen to it on demand — whenever it’s convenient for you.

Subscribe and listen on your favorite listening platform: iTunes, Google Play, or your favorite podcast listening forum.

Search for “Investment Answers Podcast,” then choose an episode to listen to! When you subscribe, you will get alerts announcing new episodes as they are released.

(If you have an iPhone, you already have a purple Podcast App on your phone.)

Want to listen to us on your computer? Listen to our published episodes on our website <https://investmentanswers.net/>

Our Weekly Email will have podcast links for your convenience.

Of course, if you follow Investment Answers on Facebook, Twitter (@InvestmntAnswers), or LinkedIn, we will begin sharing our episodes on those social platforms this fall.

Whether you’ve never tried listening to a podcast or you already have many that you enjoy, we hope you enjoy our discussions and this new, convenient format.

SHARE the wealth by SHARING podcast episodes with those who would benefit from these useful discussions.

Keep Track of Retirement Accounts

Most of us change jobs at least twice before retiring leaving a trail of retirement nest eggs behind us. With the possibility of multiple accounts, it is important to know the location of all of them and contact information for each financial institution and your financial planner.

Organize your records. As long as you continue to hold your account in a former employer’s plan, you should receive statements from their plan. Keep them organized in a file by account. Some people create spreadsheets or use a notebook to track

account information.

Consolidate your accounts. Consolidating a variety of accounts to work for your benefit is a way to simplify your finances and have them all working in tandem for your benefit. It’s much easier to manage your assets if they’re all in one place. At Investment Answers, we have a combined record of the insurances and investments you have with us, as well as copies of any legal paperwork you provided us, such a copy of your Will, Trust, or Power of Attorney documents.

If you’ve lost track of accounts.

For a variety of reasons, you may have lost all of your statements or contact information for an account you’ve held. As long as you still have assets in an account, your former employer, the financial institution, or your financial planner should be able to help you. Ensure that you work to compile the information while you are alive so that the lost accounts can be properly reconciled before your passing. When doing so, ensure you have properly stated your beneficiaries according to your wishes. ○○○