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# INVESTOR INSIGHTS

*Creating a clear path through retirement*

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### Living the Dream

Go forth. Be kind. Be loving. Do kind things for others. Your kindnesses will come back to you one hundred fold. How can you make someone's day a little bit better today?

### APRIL IS AWESOME!

Spring is in the air, and the festival season has begun. Our team has enjoyed spending time making memories with loved ones. Ana took her family to Las Vegas and made some fun & funky road stops along the way. Little Anthony wasn't sure what to think about the shiny green alien! Speaking of road trips, Taylor & Nick headed to AZ to catch up with her niece and family - at 6 months old, baby Blake is all smiles and growing so fast! Amber had a sisters-only day where they went shopping, had dinner together, then watched their favorite movies! Mike and his best friends from high school took a road trip to AZ for Spring Training where they represented the LA Dodgers. These special moments seem to fly by, so cherish the memories you create with friends, grandkids, siblings, and parents. Sometimes we adults get so wrapped up in being adults that we forget to do the things that delight us. We make excuses. There's not enough time, too expensive, unnecessary. Maybe there's also always a reason to say yes to yourself, to choose the experiences and opportunities that will make your spirit come alive.





## Retirement Crisis?

If you read the financial news often, you may have heard about the "retirement crisis" many Americans are facing. While it's true that the average American doesn't save nearly enough for retirement, the good news is that this is a fixable problem. Here are a few statistics to give you a true picture of retirement preparedness in America, as well as what you can do about it if you've fallen behind.

### 1. The average retirement savings for an American family is \$95,776.

According to a report by the Economic Policy Institute (EPI), the average family has a retirement nest egg of \$95,776. The average household close to retirement (ages 56-61) has \$163,577 saved. And to be fair, this doesn't include assets that could potentially be sold, like a house.

However, this data is frightening for a few reasons. For one thing, experts generally suggest that retirees can only withdraw 4% of their retirement assets in their first year or retirement, with inflation-based increases in subsequent years, without fear of running out of money. So, this average for pre-retirees only translates to about \$6,500 in annual income. Here's a good method to help you determine how much you should save for retirement if you want to maintain your standard of living after you retire.

Additionally, the median savings for this group is just \$17,000. I'll spare you the mathematical details, but when a median is a lot lower than the mean (or average), it implies that more people have less than the mean than more. And this is indeed the case. What's frightening: 41% of households in the 55-64 age group have no retirement savings at all. Another 20% have less than \$50,000. If you're still relatively young, don't let yourself become a member of this group. If you are in this group, now is the time to get serious about aggressively setting money aside.

### 2. The average monthly Social Security retirement benefit is \$1,315.

Social Security is not designed to be a stand-alone retirement income stream. In fact, Social Security is intended to replace about 40% of the average retiree's salary. Experts generally suggest that you'll need about 80% of your pre-retirement salary to maintain the same standard of living after you retire, so the rest needs to come from other sources, or you need to be prepared to live significantly more cheaply than you're used to.

Unfortunately, too many retirees choose the latter path. 48% of married couples and 71% of unmarried retirees rely on Social Security for more than half of their income, and 21% of couples and 43% of singles rely on Social Security for virtually all of theirs.

### 3. Healthcare alone will cost the average retired couple \$260,000.

According to a report by Fidelity, the average 65-year-old couple retiring in 2016 can expect to spend a total of \$260,000 on healthcare expenses alone throughout their retirement. The U.S. government-run projects that the average Medicare beneficiary will pay \$7,620 out of pocket for their healthcare expenses this year, which is consistent with Fidelity's findings, based on the average length of retirement. Well, if the average Social Security benefit is \$1,315 per month, or \$15,780 per year, this means that 48% of the average retiree's Social Security income will be eaten up by healthcare costs. That leaves the average person just \$8,160 in annual Social Security income for everything else.

### 4. Only 18% of American adults actively contribute to an IRA.

According to a TIAA survey, only one-third of American adults have an IRA, and just 18% actively contribute to their accounts to save for retirement. To be fair, many people have 401(k)s or other retirement plans at work, but even the average active 401(k) participant falls woefully short of what they should have saved for retirement.

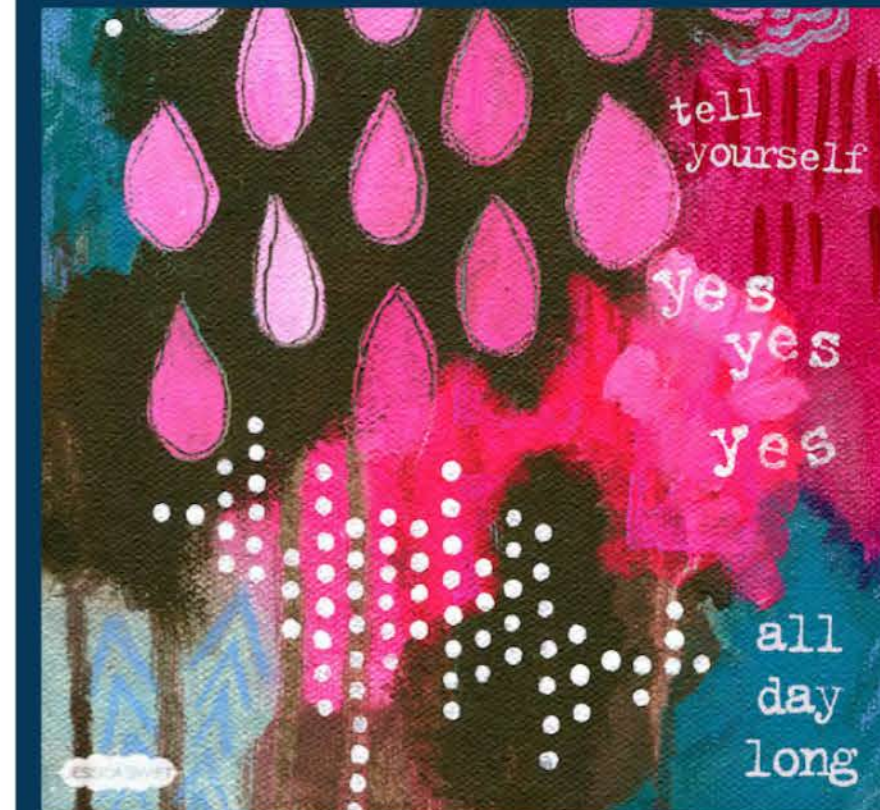
### 5. The average tax deduction for IRA contributions is \$4,885.

Let's end on a high note. We think the tax breaks associated with retirement saving are the best of all. Not only do you get to build a nest egg without having to worry about capital gains or dividend taxes each year, but you can also get a nice tax break now if you contribute to a pre-tax account such as a traditional IRA. It's also important to mention that Roth IRAs have several benefits of their own, just not an immediate tax deduction. If you're in the 25% tax bracket, the average IRA deduction translates to \$1,221 in tax savings per year just for saving for your own retirement. Seems like a no-brainer!

If you need any guidance in planning your retirement, call our office for a complimentary consultation at 866-582-7564.

Kind Regards,

Michael Clark, CFP & Garrett Yack



## START SOMETHING!

Something that you know will feel good.  
Something that you know will make a difference for you.

- Begin a painting
- Try a new hobby
- Learn about gardening
- Get out of bed
- Make the phone call
- Organize your photos
- Cook a new dish
- Write 10 pages of your novel
- Go for a walk

In my experience, the act of beginning, of getting into action, is like a balm for the soul. It is so liberating. It's a relief. Finally! I've stopped procrastinating, I've gotten out of my own way. And once that tidal wave of DOING has begun, it picks up steam.

So maybe you don't have a song in your heart today. Sing anyway. Even if you have to fake it at first. Do everything you can to just start singing. And see what happens. It just might change..... everything.

Source: <http://www.jessicaswift.com>