



Unified Retirement Planning Group

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Dear Friends,

I hope that you are enjoying the summer months. As some of you know, our family recently decided to move. We did this for many reasons but most important to us was preparing for a more manageable living arrangement as my wife and I get older. The move went as well as possible, but I still can't find my favorite blue pants. This quarterly newsletter starts with an article on taking action on becoming financially independent. The remaining articles focus on a few of those things that may get in your way, including procrastination. I trust that you will find this information of assistance to you. Please check our website from time to time for upcoming events, and let us know if you are interested in joining us for any of them. As always, I'm grateful to have the opportunity to assist you. -Peter

August 2019

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URPG Education & Solutions

Feel Comfortable Dreaming About Your Future

Is It Time to Declare Your Financial Independence?



No matter how much money you have or which life stage you're in, becoming financially independent starts with a dream. Your dream might be to finally pay off the mountain of debt you've accumulated, or to stop

relying on someone else for financial support. Or perhaps your dream is to retire early so you can spend more time with your family, travel the world, or open your own business. Financial independence, however you define it, is freedom from the financial obstacles that are keeping you from living life on your own terms.

Envision the future

If you were to become financially independent, what would change? Would you spend your time differently? Live in another place? What would you own? Would you work part-time? Ultimately, you want to define how you choose to live your life. It's your dream, so there's no wrong answer.

Work at it

Unless you're already wealthy, you may have had moments when winning the lottery seemed like the only way to become financially secure. But your path to financial independence isn't likely to start at your local convenience store's lottery counter.

Though there are many ways to become financially independent, most of them require hard work. And retaining wealth isn't necessarily easy, because wealth may not last if spending isn't kept in check. As income rises, lifestyle inflation is a real concern. Becoming — and remaining — financially independent requires diligently balancing earning, spending, and saving.

Earn more, spend wisely, and save aggressively

Earn more. The bigger the gap between your income and expenses, the quicker it will be to become financially independent, no matter what your goal is. The more you can earn, the more you can potentially save. This might mean

finding a job with a higher salary, working an extra job, or working part-time in retirement. And a job is just one source of income. If you're resourceful and able to put in extra hours, you may also be able to generate regular income in other ways — for example, renting out a garage apartment or starting a side business.

Spend wisely. Look for opportunities to reduce your spending without affecting your quality of life. For the biggest impact, focus on reducing your largest expenses — for example, housing, food, and transportation. Practicing mindful spending can also help you free up more money to save. Before you buy something nonessential, think about how important it is to you and what value it brings to your life so that you don't end up with a garage or attic filled with regrettable purchases.

Save aggressively. Set a wealth accumulation goal and then prioritize saving. Of course, if you have a substantial amount of debt, saving may be somewhat curtailed until that debt is paid off. Take simple steps such as choosing investments that match your goals and time frame, and paying yourself first by automatically investing as much as possible in a retirement savings plan. Time is an important ally in the quest for financial independence, so start saving as early as possible and build your nest egg over time. (Note that all investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.)

Keep going

Make adjustments. Life changes. Unexpected bills come up. Some years will be tougher financially than others. Expect to make some adjustments to your plan along the way, especially if you have a long-term time frame, but keep going.

Track your progress. Celebrate both small milestones and big victories. Seeing the progress you're making will help you stay motivated as you pursue your dream of financial independence.

Four Reasons Your Parents Might Be in Financial Trouble



When retirees were asked about their overall expenses and spending in retirement, 37% said they were higher than expected, 52% said they were about what they expected, and just 8% said they were lower than expected.

Source: 2018 Retirement Confidence Survey, Employee Benefit Research Institute

As your parents age, they will probably need more help from you. But it may be difficult to provide the help they need, especially if they're experiencing financial trouble.

Money can be a sensitive subject to discuss, but you'll need to talk to your parents about it in order to get to the root of their problems and come up with a solution. Before you start the conversation, consider the following four scenarios as signs that your parents might be experiencing financial challenges, and how you can make things easier for them.

1. They are dealing with debt

Perhaps your parents have fallen behind on their mortgage or credit card payments. Maybe they're dealing with the aftermath of a large, unexpected medical bill. Or it could be that years of generously supporting their children and grandchildren have left their finances in shambles.

Whatever the cause, debt among older Americans is a growing trend. In 2010, the average debt for a family in which the head of household was age 75 or older was \$30,288. In 2016 (most recent data available), that number grew to \$36,757.¹

2. They are falling for fraud

According to a report by the Federal Trade Commission, older adults have been targeted or disproportionately affected by fraud. Moreover, older adults have reported much higher dollar losses to certain types of fraud than younger consumers.²

Why do scammers target older individuals? There are many explanations for this trend. Some older individuals lack an awareness about major financial issues. Others may be attractive targets for scammers because they have access to retirement account assets or have built up home equity. Additional factors that increase an older adult's vulnerability to scams include cognitive decline and isolation from family and friends.

3. They aren't used to managing finances

The loss of a spouse can create many challenges for the survivor, especially if the deceased spouse was in charge of finances. Many widows or widowers might find themselves keeping track of statements, paying bills, budgeting, and handling other financial matters for the first time, which can be a complicated reality to face.

4. They struggle with change

As financial institutions continue to innovate and increase online and mobile access to customer accounts, it can be difficult for older consumers to keep up. For example, some older adults may struggle with accessing their financial information online. Others might get frustrated or confused when financial institutions implement new policies and procedures, especially if they've had an account with an institution for decades.

One report described the most common issues that older consumers identified with bank accounts or services. The top three complaints involved account management (47%), deposits and withdrawals (27%), and problems caused by low funds (12%).³

Ways you can help

Regardless of the reasons why your parents might be having money problems, there are steps you can take to help them.

- **Set up a meeting with a financial professional.** Encourage your parents to meet with a professional to evaluate their financial situation.
- **Help them reduce spending.** Look for big and small ways that they can scale back on expenses, such as downsizing to a smaller home, cutting cable plans, or canceling unnecessary memberships/subscriptions.
- **Have them tested for dementia.** If you've noticed behavioral or memory changes in one or both of your parents, share your concerns with a medical professional. Cognitive decline can result in difficulty managing finances.
- **Lend money (using caution).** If you decide to help your parents monetarily, consider paying your parents' expenses directly rather than giving them cash so you can ensure that their bills are paid on time.
- **Help them apply for assistance.** The National Council on Aging has a website, [BenefitsCheckUp.org](https://www.benefitscheckup.org), that can help you determine your parents' eligibility for federal, state, and private benefit programs.

¹ Debt of the Elderly and Near Elderly, 1992-2016, Employee Benefit Research Institute, 2018

² Protecting Older Consumers: 2017-2018, Federal Trade Commission, 2018

³ Monthly Complaint Report, Vol. 23, Consumer Financial Protection Bureau, May 2017

Why Not Do It Now? New Research on Procrastination



Advantage of an Early Start

Saving for retirement may be a low priority when you're young, especially if you're earning a low salary. But starting early can make a big difference, as you can see in the accompanying chart.

This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investment. It assumes a monthly deferral of salary and monthly compounding of earnings. Fees, expenses, and taxes were not considered and would reduce the performance shown if they were included. Actual results will vary.

Do you have a tendency to push off important tasks? Do you do things at the last minute, or maybe not do them at all? If so, you're not alone. About one in five adults is a chronic procrastinator.¹

Procrastination can be frustrating in the short term for even the simplest tasks. But it can have far-reaching effects on important activities and decisions such as completing work projects, obtaining medical treatment, and saving for retirement. Recent research offers insights that may be helpful if you or someone you know has a tendency to procrastinate.

Blame the brain

A study using brain scans found that the amygdala, the almond-shaped structure in the temporal lobe of the brain that processes emotions (including fear), was larger in chronic procrastinators, and there were weaker connections between the amygdala and a part of the brain called the dorsal anterior cingulate cortex (DACC). The amygdala warns of potential dangers, and the DACC processes information from the amygdala and decides what action a body will take.²

According to the researchers, procrastinators may feel more anxiety about the potential negative effects of an action and be less able to filter out interfering emotions and distractions. The good news is that it is possible to shrink the amygdala and improve brain connectivity through mindfulness meditation exercises.³

What's important to you?

Another recent study found that people were less likely to procrastinate about tasks that they personally considered important and were within their own control, as opposed to tasks that were assigned to them and/or controlled by others. This is probably not surprising, but it suggests that procrastination may not be a "weakness" but rather a result of personal values and choices.⁴

Tips for procrastinators

Here are a few suggestions that may help overcome a tendency to procrastinate.

Consider the triggers. One researcher found that people are more likely to procrastinate if a task is characterized by one or more of these seven triggers: boring, frustrating, difficult, ambiguous, unstructured, not intrinsically rewarding, or lacking in personal meaning.⁵ You might try to identify the triggers that are holding you back and take steps to address those specific problems. For example, if a task seems too difficult, ambiguous, or unstructured, you could break it down into smaller, more definite, and manageable tasks.

Meet your resistance. If you don't want to work on a task for an hour, determine how long you are willing to work on it. Can you work on it for 30 minutes? What about 15? If you don't want to do it today, what day would be better?

List the costs and benefits. For big projects, such as saving for retirement, make a list of all the negative ways not making progress could affect your life and all the positive outcomes if you were to achieve your objectives. Imagine yourself succeeding.

Take the plunge. Although a big project may seem daunting, getting a start — any start — could reduce the anxiety. This might be just a small first step: a list, a phone call, an email, or some Internet research. For a written project, you might start with a rough draft, knowing you can polish and improve it later.

Forgive yourself. If you've postponed a task, don't waste time feeling guilty. In most cases, "better late than never" really does apply!

¹ *Frontiers in Psychology*, July 5, 2018

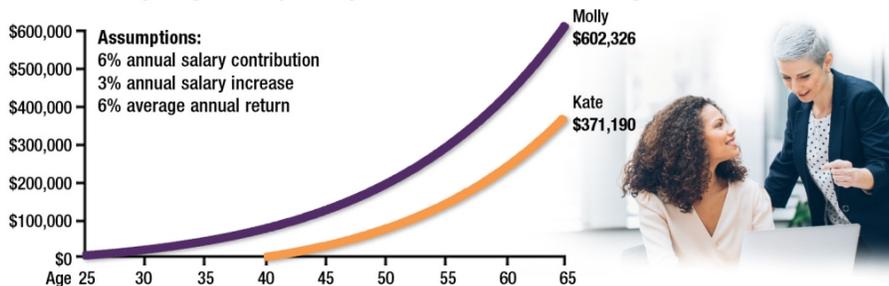
²⁻³ BBC News, August 26, 2018

⁴ *Psychology Today*, January 9, 2018

⁵ *Harvard Business Review*, October 4, 2017

Advantage of an Early Start

Molly begins saving at age 25 when she earns a \$40,000 salary, and Kate begins at age 40 when she earns an \$80,000 salary. At age 65, Molly's savings total would be more than 60% higher than Kate's total.



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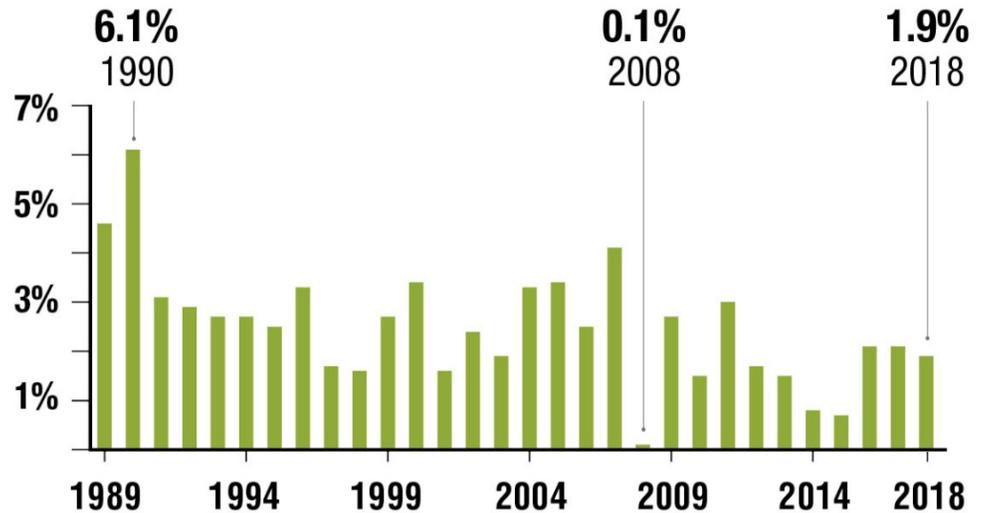
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Inflation Variation, Eroding Purchasing Power

Inflation averaged 2.5% for the 30-year period from 1989 to 2018. Although the recent trend is below the long-term average, even moderate inflation can reduce purchasing power and cut into the real return on your investments.

Annual rate of inflation, based on change in the Consumer Price Index



Source: U.S. Bureau of Labor Statistics, 2019 (December year-over-year change in CPI-U)



What are the warning signs of financial scams targeting older individuals?

If you or someone you know has been targeted by a scam artist who is trying to steal money or personal

information, you're not alone. According to the Senate Special Committee on Aging, older Americans lose an estimated \$2.9 billion annually to fraud and exploitation, a number that is probably substantially underreported.¹

Most scams start with a call, an email, a text, or an official-looking letter that appears to be from a government agency or a legitimate company. Sometimes the scam artist will go door-to-door soliciting business or donations to charity.

Scam artists are very good at gaining the trust of well-meaning people by convincingly impersonating someone authoritative, knowledgeable, or trustworthy — such as an IRS agent, a tech repair person, or even a relative. They play on your sympathy or make convincing threats to pressure you to go along with a scam. "Send money or provide personal information right now," they say, "if you want to help someone or prevent something bad from happening." Here are some typical scenarios.

- **IRS scam:** "You owe back taxes and penalties. Send payment immediately via a wire transfer, or you will be arrested."
- **Sweepstakes scam:** "Congratulations, you've won a prize! To collect it, provide us with your bank account number so we can deposit a check."
- **Grandparent scam:** "Hi Grandma, it's me. Don't you recognize my voice? I've been in an accident and need money for car repairs. Send gift cards, and don't tell anyone because I'm embarrassed."
- **Home repair scam:** "I was just doing some work down the street for your neighbor, Bob, and I saw that you need some shingles replaced. I can do that for half the price I usually charge if you pay me in cash today."

If you are targeted, never give out personal information or send money. You don't need to make a quick decision. Call a friend, a relative, or the police for advice. Report the scam immediately to a fraud hotline such as the Senate Committee's toll-free hotline, (855) 303-9470.

¹ U.S. Senate Special Committee on Aging, 2019