YOUR FINANCIAL FUTURE

Your Guide to Life Planning

December 2017

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In This Issue

Retirement: How Long Will a Million Dollar Nest Egg Last?

Although it may not buy you a yacht or a jet, a million dollars is still a lot of money. It certainly should prove adequate to fund a long retirement for most people. Right?

A new study by GOBankingRates suggests otherwise.[1] The study looked at the average total expenditures, by state, for people 65 and older, including groceries, housing, utilities, transportation, and healthcare costs, then calculated how many years that $1 million would last. The results were sobering for some, promising for others -- depending upon where you live. While a million dollar nest egg would run out in under 12 years in Hawaii, it would last more than twice as long -- 26.4 years -- in Mississippi. In general, the study showed that the retirement dollar went the furthest in southern states, while California and the Northeast fared poorly.

Behind the disparity is a wide variation in living costs from state to state. In California, the average retiree spends over $60,000 per year to get by, while a retired Arkansan spends under $40,000. Much of the difference can be attributable to housing costs. Whereas California retirees pay an average of over $30,000 a year in housing costs, those in Arkansas average only about $12,000. But the other costs also vary widely.

Location, Location, Location

Here's how long your million would last in selected states.[1]

50. Hawaii	11 years, 11 months
49. California	16 years, 5 months
47. New York	17 years, 1 month
35. Pennsylvania	21 years, 11 months
33. Colorado	22 years
30. Florida	22 years, 4 months
24. Arizona	23 years, 2 months
18. North Carolina	23 years, 8 months
10. Alabama	24 years, 9 months
1. Mississippi	26 years, 4 months

Beyond being simply interesting reading, the study helps point to the gaping differences in retiree living costs and how choosing a retirement location should be about more than being in a fun place to live.

Of course, the lion's share of retirement investors will never see near this amount in their retirement nest eggs.

In fact, about half of households age 55 and older have no retirement savings at all, and those that have put aside something have saved a median of only about $104,000 for households age 55-64 and $148,000 for households age 65-74.[2]

So if you anticipate hitting the $1-million mark, congratulations, you are way ahead of the pack. But don't feel too confident if you're hoping to retire to an expensive state.

[1]*GOBankingRates, How Long $1 Million Will Last in Retirement in Every State, August 21, 2017.*

[2]Government Accountability Office, Retirement Security, May 2015.

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A Year of Spending (and Saving) Wisely

Do you wait until the last minute to pack for your vacation or shop for back-to-school clothes for the kids? Do you find it difficult to start projects -- and then to finish them? Are you chronically late for appointments? If so, then chances are you are a procrastinator.

When it comes to managing your finances, procrastination can keep you from reaching your goals. But by breaking your spending and saving priorities down into monthly increments, you may find it easier to stay on track.

Try some of these tips all year long.

January -- Start an emergency savings fund with the goal of accumulating three to six months of living expenses. By setting aside just $25 a week, you could save $1,300 after just one year. It's important to have a backup plan -- and financial cushion -- when the unexpected happens.

February -- Make sure you are making the most of your tax-deferred retirement savings opportunities. If you have access to an employer-sponsored retirement plan, such as a 401(k), are you contributing the maximum allowed? Generally,you may contribute up to $18,000 to qualified retirement plans in 2017, and those 50 and older may contribute an additional $6,000. (Additional plan limits may apply.) What about an IRA? The good news is you have until April 17, 2018, to contribute up to $5,500 (or $6,500 for those 50 and older) to an IRA for tax year 2017.

March -- Start organizing your tax documents -- Form W-2s from your employer(s), property tax receipts, mortgage interest, charitable donation receipts, etc. -- so you're ready to meet with your tax advisor and get the biggest refund you are entitled to.

April -- If you are one of the roughly 75% of Americans who do get a refund, consider directing it toward your emergency fund or credit card debt, or put the extra money toward your retirement. Every little bit can add up.

May -- Spring is in the air -- and for many Americans -- the weather is warming up. Lowering the temperature on your hot water heater during summer months may help to cut costs. The U.S. Department of Energy (DOE) estimates that water heating accounts for about 18% of energy consumed in the average home. The agency recommends turning the heater setting on your water heater to warm (120F degrees) to save on energy costs. Visit the DOE website for more energy saving tips.

June -- Have a green thumb? Vegetables fresh from the garden are less expensive than canned or frozen foods -- and they taste better, too! If you are not an experienced gardener, start small -- try a few tomato plants. And don't forget to water and fertilize regularly.

July -- Are you signing the kids up for sports teams? If so, consider buying the needed equipment at used sporting goods stores. From catcher's mitts to hockey skates, these stores sell their wares at a fraction of the original cost.

August -- Look for everyday learning experiences to teach your children about money. Have young children write down the price of similar items at the grocery store. Assist older kids in learning about managing money by allowing them to buy school supplies with a planned budget. Help children of all ages to set up a savings account at the local bank and decide how much they will plan to save each month for wish-list purchases.

September -- In August and September many auto dealers try to clear their lots to make room for next year's new models. If you don't mind haggling, you may be able to shave money off a car's sticker price.

October -- Plan for year-end tax saving moves. For instance, holding on to investments in taxable accounts for more than one year will generally qualify you for a lower tax rate on any capital gains -- 15% for most taxpayers and 20% for taxpayers in the top income tax bracket (39.6%). Also, keep in mind that realized capital losses can be used to offset realized capital gains for federal tax purposes. Any excess losses up to $3,000 ($1,500 for married individuals filing separate returns) can be deducted against ordinary income. A loss greater than that amount can be carried over to future tax years, subject to the same limits.

November -- Many charities begin active fundraising at this time of year. Generally, charitable contributions to qualified charitable organizations are deductible. Also, before sending a donation to your favorite charity, you may want to obtain more information about the organization by checking various online resources, such as BBB Wise Giving Alliance or Charity Navigator, to find out if the charity meets your giving criteria.

December -- Consider giving yourself an early holiday gift -- the gift of travel. Did you know that the first two weeks of December (after the Thanksgiving rush) is one of the slowest travel periods -- offering some of the best travel deals to destinations in the United States and other locales? If you want to take advantage of the December travel "dead zone," start shopping for flights a month or more in advance.

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