HCM | Hengehold Capital Management LLC

Also In This Issue

THE QUARTERLY REPORT JULY 2017

Are Your Retirement Savings on Track?

The basics of saving for retirement are not complicated. The most important thing you can do is to get started saving toward your retirement goal now and make sure you are saving enough. An important objective in achieving retirement success is to get started early so compounding will work its magic for you.
A common rule of thumb suggests that you should save 10% of your total income every year toward your retirement goals. While HCM encourages clients to save a bit more if possible, our simplified example is based on the assumption that 10% of earnings are set aside for retirement each year in pre-tax savings including both employer and employee contributions.

For purposes of our calculations, we assumed a 25 year retirement beginning at age 65. We assumed Social Security benefits would be received throughout retirement, beginning at full retirement age to offset a portion of the income goal. Inflation for both income and expenses was assumed to be 2.5% for the duration of the plan. Return assumptions were driven by Monte Carlo analysis based on a portfolio invested 60% in stocks and 40% in bonds and a target 90% success rate.

Based on these assumptions, someone saving for retirement should have accumulated close to the following amounts to be on a reasonable glide path to generate the retirement income in the following table.

Example: a 50-year-old who would like to have a $100,000 net retirement income and who is saving 10% of a steadily increasing income should have about $1,025,000 saved for retirement already.

Net Income Replacement	Age 30	Age 40	Age 50	Age 60
$50,000	$99,000	$215,000	$420,000	$745,000
$75,000	$185,000	$385,000	$700,000	$1,250,000
$100,000	$285,000	$590,000	$1,025,000	$1,750,000
$200,000	$800,000	$1,500,000	$2,500,000	$4,100,000

The above chart is for illustrative purposes only and should not be relied upon to make retirement or investment planning decisions. Hengehold Capital Management's model is based on our long-term capital market assumptions and a 90% confidence level. Social Security estimates are based on theoretical averages and can vary dramatically between individuals as can the appropriate time to begin benefits. Appropriate asset allocation decisions will vary among individuals based on risk tolerance, and capacity and individual financial circumstances. Tax situations will vary among individuals and may impact the appropriate planning decisions for any individual. Consult your financial advisor before making tax, financial or investment planning decisions.

Assumptions: All cases assume individual retires at age 65. Social Security benefits are estimated based on income at the time of the analysis and assumed to be taken at full retirement age (will vary based on date of birth). All assets are assumed to grow at a 60% Stocks/40% Bond allocation. Inflation = 2.5% Salary Growth = 2.5%. Savings of 10% of salary to qualified retirement account, no additional match considered. Includes future Federal tax estimates for the purposes of estimating current account value.

Health care, repeal and replace, the ACA, the AHCA

What does it all mean, and how does it affect you?

On May 4, the House narrowly passed the American Health Care Act (AHCA) which, if passed in the Senate, would change many aspects of the Affordable Care Act (ACA or Obamacare). This bill has many moving parts and, like most government plans, tends to get wordy and confusing. It's important to note that this bill is not Law yet. It still has to go through the Senate where it's likely to be changed quite a bit. This article lists some of the more important proposed changes.

Insurance mandate

- The AHCA bill would eliminate the requirement that people have health coverage or face a tax penalty
- The AHCA bill would eliminate the requirement that employers, with at least 50 employees, provide health insurance to their workers.

Age-based premiums

- The AHCA bill would allow insurers to charge older customers up to five times as much. The intent is to increase the number of younger healthier people in the individual insurance market.

Tax credits

- The AHCA bill would end the cost-sharing subsidies and no longer adjust the premium credits based on insurance costs.
- Instead, the bill would offer $2,000 to $4,000 a year in tax credits, depending mainly on age.

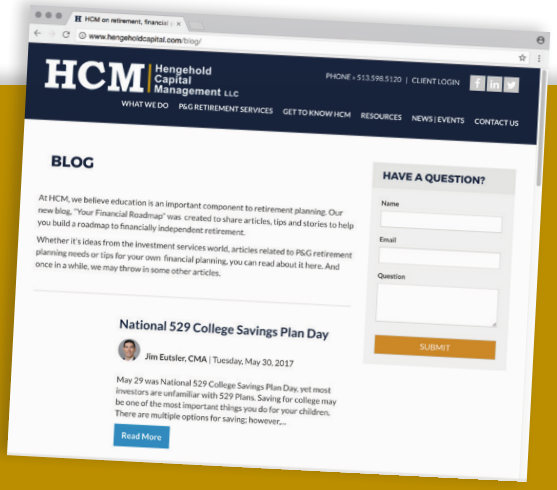
Medicaid

- The bill would end Medicaid as an open-ended entitlement to health care and would put the program on a budget.
- States would receive an allotment of federal money for each beneficiary, or, as an alternative, they could take the money in a lump sum as a block grant, with fewer federal requirements.

ACA provisions that the AHCA would not Change

The Bill keeps in place provisions that:

- Prohibit insurance companies from denying coverage for a pre-existing health problem.
- Prohibits insurance companies from raising premiums based on a person's health.
- Allow children to continue to stay on their parents' health insurance until they turn 26.
- Maintain insurance marketplaces where people can browse for coverage.



Have you read our recent blog on the HCM Website?

At HCM, we believe education is an important component to retirement planning. Our new blog, "Your Financial Roadmap" was created to share articles, tips and stories to help you build a roadmap to financially independent retirement.

Whether its ideas from the investment services world, articles related to P&G retirement planning needs or tips for your own financial planning, you can read about it on our website, hengeholdcapital.com. And once in a while, we may throw in some other articles.

Financial Checkup

Several times a year it makes sense to think critically about the events that have occurred in your family's life. Some may have financial consequences that should be addressed in your family's wealth, tax, or estate plan.

Some examples may include:

- Buying or selling a home
- Reviewing/revising beneficiaries on accounts and policies
- Getting transferred to a new city
- Managing your employee stock options

In certain circumstances, these events may require an adjustment to your wealth plan. Also, your capacity to accept market risk may have changed, requiring a modification to your asset allocation.

So, if you have recently been affected by a significant event OR if you anticipate any of these events in the next few years, please call your HCM Wealth Advisor. We can get together by phone or in person to discuss your situation. In addition, we are always available to work with your Tax Professional, Attorney, or other trusted advisor.

Where Should I Keep It, and When Should I Get Rid of It?

Documents to Keep at Home	When to Get Rid of Them
Bank deposit slips	After you reconcile your statements
Banking statements	After a calendar year; store with tax returns if they will be used to prove deductions
Brokerage, 401(k), IRA, Keogh, and other investment statements	Shred monthly and quarterly statements as new ones arrive; hold on to annual statements until you sell the investments
Credit-card bills	After you check and pay them, unless you need them to support tax filings
Employer defined-benefit plan communications	Never
Household warranties and receipts	After you no longer own the household items
Insurance policies	After you renew them
Investment purchase confirmations and 1099s	Hold until you sell the securities, then keep with your tax records for an additional seven years
Pay stubs	After you reconcile them with your W-2
Receipts	After you reconcile them with your credit-card or bank statement unless needed for a warranty
Safe-deposit box inventory	Never, but review and update annually
Savings bonds	Cash them in when they mature
Social Security statements	When you get a new statement, then shred the old one
Tax returns and supporting documents	After seven years

Documents to Keep in a Safe Deposit Box*	When to Get Rid of Them
Birth and death certificates	Never
Estate-planning documents (wills, trusts, and powers of attorney)	Never
Life-insurance policies	Never, or when a term policy has ended
Loan documents	After you sell your home, automobile, boat, or whatever the loan was for
Marriage licenses and divorce decrees	Never
Military discharge papers	Never
Social Security cards	Never
Vehicle titles	After you sell the car, boat, motorcycle, or other vehicle

**Note the location of the box and your keys, and keep a list of what you have in it. Update the list once a year or as you add or remove documents. Keep the inventory list in your out-of-the way file cabinet. You should also keep photocopies at home of any documents you have stored in the box in case you need to refer to them.*
You can always drop off your documents to be shredded at our Western Hills location. Please give us a call to schedule a time for drop-off, or if you have specific questions on document retention items that are not included above.

HCM News

Michael Tragesser joins HCM as the New Business Operations Manager

We are pleased to announce that Michael Tragesser has joined Hengehold Capital Management. Mike will serve as the Business Operations Manager. In this position Mike is responsible for overseeing the day to day management of the firm as well as developing and implementing the firm's long-term Strategic Planning goals. Mike brings to HCM more than twenty years of industry experience. His prior experience includes Compliance, Business Operations and Client Services.

Mike's hobbies include woodworking, trying to master the guitar and following his beloved Ohio State Buckeyes.

Mike and his wife have a three year old "nonstop ball of energy" daughter named Milena. Mike's wife Ania moved to the United States, from Poland, about 10 years ago. Mike and Ania travel frequently to Poland to visit family.

Mike and his family reside in Union Township.

Mike is a graduate of The Ohio State University with a Bachelors in Economics 1999 and Springboro High School.

Mike is excited to join HCM and is "impressed with HCM's passion for client service" a passion he shares.

Did you know...

Many times clients call our office with questions for their Advisor and they are pleasantly surprised to learn that our Client Services Team can provide answers right away – avoiding the delay if the advisor is in a meeting. Here are some examples of ways we helped over the last few weeks.

- I need to make a withdrawal from my account
- I want to update my beneficiaries
- Why don't I see my husband's / wife's account when I log in to Schwab?

Please contact Laura, Diane, Kimberly or Kathy – 513.598.5120 they can help with these questions and more.

About Us...

When you decide to work with an Advisor to help plan and prepare for your financial future, it is important to work with professionals who are willing to take the time necessary to understand your situation and help you create solutions uniquely suited to meeting your goals and objectives. Your HCM Team is always available to answer your questions. At HCM, we provide goals-based wealth planning and investment management services using the top technology, research, and analytical skills of our investment professionals. As a fee-only Registered Investment Advisor, our loyalties are always aligned with our clients' best interests 513-598-5120 or visit our website at hengeholdcapital.com.