

The 'art' of managing withdrawals in retirement

With so much at stake when planning a retirement income stream, it pays to take a step back and see whether your plan takes into account the major obstacles to retirement income adequacy. Determining your needs during retirement is a complex equation. During your working years, the goal is to save and accumulate as much as possible for the future. In retirement, the challenge becomes managing your portfolio by withdrawing some money for today's expenses and investing the rest for tomorrow.

When you take a big-picture view, there are five major challenges most retirees face: the potential for outliving one's assets, the threat of rising living costs, the impact of increasing health care costs, uncertainty about the future level of Social Security benefits, and the damage to long-term financial security that can be caused by excessive withdrawals in the early years of retirement.

Longevity

Consider a few numbers: According to the latest government data, average life expectancy in the United States climbed to 77.9 years for a child born in 2007, compared to 47.3 years in 1900. But most people don't live an average number of years. In reality, there's a 50% chance that at least one spouse of a healthy couple aged 65 will reach age 89 [Source: Social Security Administration, Period Life Table, 2007]



Inflation

For retirees who no longer fund their living expenses out of wages, inflation affects retirement planning in two ways: It increases the future cost of goods and services, and it potentially erodes the value of assets set aside to meet those costs -- if those assets earn less than the rate of inflation.



If inflation were increased at a 4% annual rate, a dollar would be worth 46 cents in just 20 years. And the price of an automobile that costs \$23,000 today would rise to more than \$50,000 within two decades.

Ryan Dragstrem earns CFP®

Congratulations are in order for Ryan Dragstrem who recently completed his studies – and passed a rigorous two-day exam – to become a CERTIFIED FINANCIAL PLANNER™. The distinction means that Ryan has met numerous professional standards and successfully completed extensive course work in the areas of insurance, retirement and tax planning, and investment and estate strategies.



Ryan with clients
Chris and Carla Thies

Becoming a CFP® is considered by financial planners to be one of the most desired and meaningful certification to obtain. Kudos to Ryan!

Health Care

The cost of medical care has emerged as a more important element of retirement planning in recent years. That's primarily due to three reasons: health care expenses have increased at a faster pace than the overall inflation rate, many employers have reduced or

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New Voyage brochure

In addition to the newsletter, we are pleased to enclose a copy of our new marketing brochure. We are delighted that our client base continues to grow in large measure thanks to our clients who refer their friends, neighbors and co-workers to us. If you know someone who you believe would benefit from our financial services, please pass along this brochure to them. And, if you would like additional copies, just let us know!

Client Spotlight - John & Nancy Eller

Enjoying retirement as full-time campers

Many retirees enjoy being snowbirds. Voyage clients John and Nancy Eller are stretching the definition of that word to new limits.

Having always shared a passion for travel and the great outdoors – they took fly-fishing trips to Canada and vacations to Mexico, Alaska and Europe before retiring in 2009 – they tested the waters for a life spent traveling the country by working at state and national parks during the summers of 2010 and '11.

The experience was so enjoyable they sold their house in 2012, bought a camper and became year-round park employees – but with a twist. Rather than settling at one location for a long period of time, the Ellers usually stay 3-4 months before moving on to their next adventure. And, like every good snowbird, they head south for the winter.

This year, they've traveled from Black Bayou National Wildlife Refuge in Monroe, La., to Molly Stark State Park in Wilmington, Vt., to Lake Siog Day Use Area in Brimfield, Mass.

A stint at Alligator River National Wildlife Refuge in North Carolina is on tap for this fall. They are exploring options for December and next spring.

"We eventually hope to get back to Washington or Oregon," John said. His son, John, and Nancy's brother, Lee, both live in the Seattle area while Nancy's son, William Schroeder, lives in Central Washington.

The Pacific Northwest is home to John's favorite stop: Harris Beach State Park in Brookings, Ore., near the

California border. He'll never forget standing on a cliff overlooking the Pacific Ocean and seeing the remnants of the tsunami that devastated Japan in March 2011 crash ashore.

Nancy has fond memories of the day they spent banding bald eagles at Voyageurs National Park in Minnesota (where the photo was taken). They boated from island to island on a nearby lake, watching as a team of researchers collected eaglets from their nests.



Nancy and John Eller

"As long as we're able to keep doing this, we'll do it," he said. "We highly recommend retirement!"

According to John, who retired after 30-plus years at AT&T, he and Nancy, who worked at Illinois State University and served as business manager for the Illinois Shakespeare Festival, have no plans to stop doing what they're doing.

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eliminated medical coverage for retired employees, and life expectancy has lengthened.



The Employee Benefit Research Institute reports that, because women have longer life expectancies than men, women will generally need larger savings than men to cover health insurance premiums and health care expenses in retirement post-65. In 2013, a man would need \$122,000 in savings, and a woman would need \$139,000, for a 90% chance of having enough money to cover health care expenses in retirement. [Source: Employee Benefit Research Institute, October 2013]

Social Security

An increasingly older population is expected to continue putting more pressure on the financial resources of Social Security. The system currently provides more than half

of the income for six out of 10 Americans aged 65 or older.

Managing Withdrawals

The decision about how much money may be safely withdrawn each year from a retirement nest egg needs to take into consideration all of the risks mentioned above. But retirees also must consider the fluctuating returns that investments are likely to produce over time, as well as the overall health of the economy during their withdrawal period.

Developing a realistic plan to address your finances in retirement may seem daunting. But you don't have to go it alone. As experienced financial professionals, the Voyage team is here to provide you with useful information and valuable perspectives on options for successfully managing your long-term financial security.



Over 250 Voyage clients attend Half-Time Report

- 1 - Jay Hough, Voyage's Ryan Dragstrom, Lori and Bob Grish
- 2 - Voyage's Kurt Anderson
- 3 - Rob Badzioch and Sue Layden
- 4 - Voyage's Amber O'Brien with Bob Geho
- 5 - Pat DeNeal, Lou and Debbie Baker
- 6 - Alan and Cindy Louderman
- 7 - Charlie and Marguerite Horton with Voyage's Tom Royce
- 8 - Lois and Norman Kaminske with Voyage's Mike Chong
- 9 - Bob Smith and Mike Schergen



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Five Star Wealth Managers

Tom Royce and Mike Chong once again have been named Five Star Wealth Managers by Five Star Professional in partnership with Chicago Magazine. This distinction was awarded to them by the largest and most widely published financial services awards program in



Tom and Mike

North America, which evaluated financial advisors in more than 40 major markets against 10 criteria associated with providing quality services to clients such as credentials, experience and assets under management.

In Chicago, where there are 31,000 financial advisors, only 769 were selected as Five Star Wealth Managers this year. Self-nominations are not accepted, and award winners do not pay a fee to be considered or placed on the final list of 2014 Five Star Wealth Managers. In other words, this is great – unsolicited – honor for Tom and Mike.

Check and double-check

One advantage to Voyage clients for having their assets managed through LPL Financial – the No. 1 independent broker/dealer firm in the country* – is the “Branch Exam” that takes place every year.

A team of LPL examiners recently visited the office and conducted the “Exam” by working with us to be sure we’re following current practices and procedures. In addition, our books and records were reviewed to verify that we are complying with applicable regulations. And our files and computers were checked to make sure the information stored in or on them is safe and secure.

All in all, it is reassuring to have this review done to reaffirm that we are meeting and exceeding what’s required to serve and protect our clients.

* As reported by Financial Planning magazine, June 1996-2014, based on total revenue.



Take me out to the ballgame ...

... and more than 300 people accepted Voyage’s invitation to attend a Kane County Cougars game in August to enjoy the game, food and friendship.

- 1 - Front: Dave Vonhoff, Cyndi and Tom Royce, John Lichty. Back: Chris Vonhoff, Steve Zimmerman, Jocelyn and Connor Royce.
- 2 - Rick (wearing the Voyage hat) and Angela Collins with their family.
- 3 - Bob and Diane Geimer



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