

WEEKLY FOCUS

Building a Nest Egg for Two

Because marriage is a 50/50 partnership, both spouses should be involved in retirement planning – even if only one works outside the home. Working spouses can show appreciation for stay-at-home partners, many of whom selflessly left jobs to care for family members, by helping them build a secure future. Here are a few things to consider.

Spousal IRA: An employed spouse can contribute to a spousal IRA for their unemployed partner. If both are under 70½ and the working spouse doesn't have access to an employer retirement plan or their income fits within federal limits, they can make a \$5,500 tax deductible contribution to each of their plans (\$6,500 if they're over 50). Those who have an employer plan and income over the limit can still take advantage of tax-free growth on post-tax contributions to a spousal traditional IRA.

Social Security (SS): Because nonworking spouses are eligible for up to 50 percent of their working spouse's Social Security at full retirement age (FRA), timing matters. If the employed spouse draws at 62 instead of waiting until FRA, the unemployed spouse will receive half of a reduced amount. But even if the working spouse delays benefits to age 70, the nonworking spouse won't receive more than 50 percent of their spouse's SS at FRA. This changes if the working spouse dies. The survivor then receives their deceased partner's full benefits – including any delayed retirement credits.

Medicare: Nonworking spouses who have not paid enough taxes to earn premium-free Medicare Part A hospital insurance may qualify through their working spouse's tax payments. (Some exceptions apply.) Both will then also qualify for Medicare Part B medical insurance, which requires a premium.

Age differences, however, can complicate matters. If a working spouse retires and drops their private insurance to move to Medicare, a nonworking spouse too young for Medicare must obtain their own insurance. An older nonworking spouse may qualify for Medicare if their working spouse is at least 62.

When it comes to retirement, there are no do-overs. With so much at stake, it's important to get it right. Whatever your family situation, we can review your retirement plan, identify any shortfalls and help you get on track. Call today.

FINANCIAL FACTS

Start Saving Now — The average cost of tuition, fees, room and board during the 2017-2018 school year at an average four-year public college was \$20,770, up 5.5 percent per year over the last 30 years. If that same rate of inflation continues over the next decade, one year of college (at an average in-state public college) will cost \$35,389 during the school year of 2027-2028 (source: College Board, BTN Research).

Their Favorite Option — Thirty-four percent of 1,015 Americans surveyed in early April 2018 picked real estate as the best long-term investment today. Twenty-six percent selected stocks as their top long-term choice (source: Gallup).

From a Record-Low Yield — When the yield on the 10-year Treasury note bottomed on July 8, 2016, at 1.36 percent, the average interest rate nationwide on a 30-year fixed-rate mortgage was 3.41 percent. The average interest rate on a 30-year fixed-rate mortgage is 4.58 percent today (source: Freddie Mac, BTN Research).

WEEKLY COMMENTARY

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THE MARKETS

Stocks climbed most of Friday following an April jobs report that revealed wages grew 0.15 percent and fewer jobs were added than expected. The positive-but-not-too positive report calmed fears about rising interest rates. Apple had its best week since 2011 after investors learned Warren Buffet's Berkshire Hathaway purchased 75 million shares in the first quarter. By the end of the day, the Dow had gained 332 points. However, for the week, the Dow lost 0.19 percent to close at 24,262.51. The S&P fell 0.21 percent to finish at 2,663.42, and the NASDAQ rose 1.26 percent to end the week at 7,209.62.

Returns Through 5/04/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.19	-1.22	18.52	13.12	12.85
NASDAQ Composite (PR)	1.26	4.44	18.67	12.85	16.37
S&P 500 (TR)	-0.21	0.23	13.67	10.28	12.86
Barclays US Agg Bond (TR)	0.02	-2.27	-0.12	1.18	1.51
MSCI EAFE (TR)	-0.46	0.19	12.60	4.83	5.82

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

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* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America, Copyright May 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#