Sterk Financial Services
MARY STERK, CFP®
350 Oak Tree Ln Ste 150
Dakota Dunes, SD 57049
Phone: 605-217-3555
Fax: 605-217-3535
marysterk@sterkfinancialservices.com
www.sterkfinancialservices.com

Sterk Financial Services

Plan · Protect · Grow

www.sterkfinancialservices.com

Pick up your book now!

Are You Ready To Pull The Retirement Trigger?

Mary's new book, *"Ready To Pull The Retirement Trigger? Your Strategic Guide To Retire With Confidence"* print version has been released in June 20th and be available in most bookstores across America. You can order a copy on-line or pick it up now at your favorite bookstore – likeBarnes & Noble , Books-a-Million , Amazon and more!

What is the book about? You will know it's for you if you want to retire early . . . slow down a bit . . . enjoy your life, your spouse, and your grandkids. But what if there is a major health issue? Or what if you run out of money? How much do you need? What if you have to go into a nursing home? When do you take your Social Security? What do you do with your 401k when you retire? What do you do about health insurance before you reach Medicare age?

There are many issues facing people as they consider retirement. In a world filled with an overwhelming variety of information, it can be difficult to know what to do and where to turn for guidance. Author Mary Sterk takes the complex issue of retirement planning and gives you straight-forward advice that is easy to understand and simple to follow.

In this book, you will:

- Understand how a health issue can impact your retirement plans — and how to help safeguard against it.
- Create a strategy with your investments that will help ensure you never run out of money.
- Take the complexity out of Long-Term Care decisions, insurance, and housing options.
- Learn how to evaluate the strength of your portfolio, and align it with the retirement lifestyle you want to create.
- And, most importantly, determine exactly how much money you need to feel confident in pulling the retirement trigger.

There are no do-overs in retirement. You need a path. You need a strategy. You need a guide you can trust. *Ready To Pull the Retirement Trigger?* will arm you with the essential knowledge to create a strategic plan so you can retire with confidence.

Student Loan Debt: It Isn't Just for Millennials

The intersection of student loan debt and Social Security benefits

Since 2001, the federal government has collected about $1.1 billion from Social Security recipients to cover unpaid federal student loans, including $171 million in 2015 alone. During that time, the number of Americans age 50 and older who have had their Social Security benefits reduced to pay defaulted federal student loans has risen 440%.

Source: The Wall Street Journal, Social Security Checks Are Being Reduced for Unpaid Student Debt, December 20, 2016

It's no secret that today's college graduates face record amounts of debt. Approximately 68% of the graduating class of 2015 had student loan debt, with an average debt of $30,100 per borrower — a 4% increase from 2014 graduates.[1]

A student loan debt clock at finaid.org estimates current outstanding student loan debt — including both federal and private student loans — at over $1.4 trillion. But it's not just millennials who are racking up this debt. According to the Consumer Financial Protection Bureau (CFPB), although most student loan borrowers are young adults between the ages of 18 and 39, consumers age 60 and older are the fastest-growing segment of the student loan market.[2]

Rise of student debt among older Americans

Between 2005 and 2015, the number of individuals age 60 and older with student loan debt quadrupled from about 700,000 to 2.8 million. The average amount of student loan debt owed by these older borrowers also increased from $12,100 to $23,500 over this period.[3]

The reason for this trend is twofold: Borrowers are carrying their own student loan debt later in life (27% of cases), and they are taking out loans to finance their children's and grandchildren's college education (73% of cases), either directly or by co-signing a loan with the student as the primary borrower.[4] Under the federal government's Direct Stafford Loan program, the maximum amount that undergraduate students can borrow over four years is $27,000 — an amount that is often inadequate to meet the full cost of college. This limit causes many parents to turn to private student loans, which generally require a co-signer or co-borrower, who is then held responsible for repaying the loan along with the student, who is the primary borrower. The CFPB estimates that 57% of all individuals who are co-signers are age 55 and older.[5]

What's at stake

The increasing student loan debt burden of older Americans has serious implications for their financial security. In 2015, 37% of federal student loan borrowers age 65 and older were in default on their loans.[6] Unfortunately for these individuals, federal student loans generally cannot be discharged in bankruptcy, and Uncle Sam can and will get its money — the government is authorized to withhold a portion of a borrower's tax refund or Social Security benefits to collect on the debt. (By contrast, private student loan lenders cannot intercept tax refunds or Social Security benefits to collect any amounts owed to them.)

The CFPB also found that older Americans with student loans (federal or private) have saved less for retirement and often forgo necessary medical care at a higher rate than individuals without student loans.[7] It all adds up to a tough situation for older Americans, whose income stream is typically ramping down, not up, unlike their younger counterparts.

Think before you borrow

Since the majority of older Americans are incurring student loan debt to finance a child's or grandchild's college education, how much is too much to borrow? It's different for every family, but one general guideline is that a student's overall debt shouldn't be more than his or her projected annual starting salary, which in turn often depends on the student's major and job prospects. But this is just a guideline. Many variables can impact a borrower's ability to pay back loans, and many families have been burned by borrowing amounts that may have seemed reasonable at first glance but now, in reality, are not.

A recent survey found that 57% of millennials regret how much they borrowed for college.[8] This doesn't mean they regretted going to college or borrowing at all, but it suggests that it would be wise to carefully consider the amount of any loans you or your child take out for college. Establish a conservative borrowing amount, and then try to borrow even less.

If the numbers don't add up, students can reduce the cost of college by choosing a less expensive school, living at home or becoming a resident assistant (RA) to save on room costs, or graduating in three years instead of four.

[1] The Institute for College Access & Success, Student Debt and the Class of 2015, October 2016

[2-7] Consumer Financial Protection Bureau, Snapshot of Older Consumers and Student Loan Debt, January 2017

[8] *Journal of Financial Planning,* September 2016

Expect the Unexpected: What to Do If You Become Disabled

About 20% of Americans live with a disability, and one in four of today's 20-year-olds will become disabled before retiring.

Source: SSA, Disability Facts, 2017

The average age of SSDI recipients in 2015 was 54.

Source: Fast Facts and Figures About Social Security, 2016

In a recent survey, 46% of retirees said they retired earlier than planned, and not necessarily because they chose to do so. In fact, many said they had to leave the workforce early because of health issues or a disability.[1]

Although you may be healthy and financially stable now, an unexpected diagnosis or injury could significantly derail your life plans. Would you know what to do, financially speaking, if you suddenly became disabled? Now may be a good time to familiarize yourself with the following information, before an emergency arises.

Understand any employer-sponsored benefits you may have

Disability insurance pays a benefit that replaces a percentage of your pay for a designated period of time. Through your employer, you may have access to both short- and long-term disability insurance. If your employer offers disability insurance, be sure to fully understand how the plan works. Review your plan's Summary Plan Description carefully to determine how to apply for benefits should you need them, and what you will need to provide for proof of disability.

Short-term disability protection typically covers a period of up to six months, while long-term disability coverage generally lasts for the length of the disability or until retirement. Your plan may offer basic coverage paid by your employer and a possible "buy-up" option that allows you to purchase additional coverage.

According to the Bureau of Labor Statistics, 40% of private industry workers have access to short-term disability insurance through their employers, while 33% have access to long-term coverage. For both types of plans, the median replacement amount is about 60% of pay, with most subject to maximum limits.[2]

Consider a supplemental safety net

If you do not have access to disability insurance through your employer, it might be wise to investigate other options. It may be possible to purchase both short- and long-term group disability policies through membership in a professional organization or association. Individual policies are also available from private insurers.

You can purchase policies that cover you for life, until age 65, or for shorter periods such as two or five years. An individual policy will remain in force as long as you pay the premiums. Because many disabilities do not result in a complete inability to work, some policies offer a rider that will pay you partial benefits if you are able to work part-time.

Most insurance policies have a waiting period (known as the "elimination period") before you can begin receiving benefits. For private insurance policies, this period can be anywhere from 30 to 365 days. Group policies (particularly through your employer) typically have shorter waiting periods than private policies. Disability insurance premiums paid with after-tax dollars will generally result in tax-free disability benefits. On the other hand, if your premiums are paid with pre-tax dollars, typically through your employer, your benefit payments may be taxable.

Review the Social Security disability process

The Social Security Administration (SSA) pays disability benefits through two programs: the Social Security Disability Insurance (SSDI) program and the Supplemental Security Income (SSI) program. SSDI pays benefits to people who cannot work due to a disability that is expected to last at least one year or result in death, and it's only intended to help such individuals make ends meet. Consider that the average monthly benefit in January 2017 was just $1,171.

In order to receive SSDI, you must meet strict criteria for your disability. You must also meet requirements for how recently and how long you have worked. Meeting the medical criteria is difficult; in fact, according to the National Organization of Social Security Claimants' Representatives (NOSSCR), about two-thirds of initial SSDI applications are denied on their first submission. Denials can be appealed within 60 days of receipt of the notice.[3]

The application process can take up to five months, so it is advisable to apply for SSDI as soon as you become disabled. If your application is approved, benefits begin in the month following the six-month anniversary of your date of disability (as recorded by the SSA in your approval letter). Eligible family members may also be able to collect additional payments of up to 50% of your benefit amount.

SSI is a separate program, based on income needs of the aged, blind, or disabled. You can apply to both SSI and SSDI at the same time.

For more information, visit the Social Security Disability Benefits website at ssa.gov, where you will also find a link to information on the SSI program.

[1] 2016 Retirement Confidence Survey, Employee Benefit Research Institute

[2] Bureau of Labor Statistics, National Compensation Survey, 2016

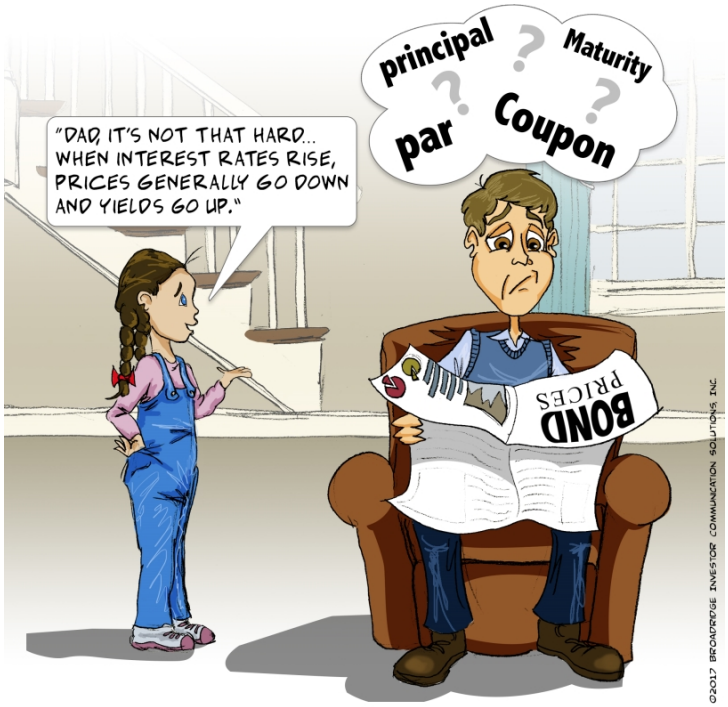
[3] NOSSCR web site, accessed March 2017

Sterk Financial Services

Plan · Protect · Grow

www.sterkfinancialservices.com

Sterk Financial Services
MARY STERK, CFP®
350 Oak Tree Ln Ste 150
Dakota Dunes, SD 57049
Phone: 605-217-3555
Fax: 605-217-3535
marysterk@sterkfinancialservices.com
www.sterkfinancialservices.com



Depending on where you live, your home may be vulnerable to damage from tornadoes, hurricanes, and other windstorms. These weather events can cause devastating and costly losses, so it's important to know how you can protect yourself and your home before a storm strikes.

The first thing you should do is review your homeowners insurance policy. In most cases, windstorms are one of the basic perils covered by standard homeowners insurance. But there can be exceptions. For instance, sometimes windstorm damage is excluded from homeowners coverage in areas where windstorm damage is common. Find out for sure by checking your insurance policy or by speaking with your insurance company or agent.

If you discover that protection from windstorms is not available on your current policy, don't worry. You may be able to purchase optional coverage from your insurer, or another insurer at an additional cost. Your options depend on such factors as whether you live in a high-risk area and how much additional coverage you can afford.

Even with windstorm coverage, you may not be fully compensated in the event of damage to your home or your belongings by wind-related weather events. Keep in mind that you'll be covered only for named perils and only up to the coverage limits for your policy. Any losses that exceed those limits will have to be paid out of your own funds. Remember that you will need to pay out-of-pocket for any deductible that applies before your insurance begins to cover your losses.

Besides making sure you have windstorm coverage, you can take additional steps to help protect yourself and your home in the event of a windstorm. Creating an emergency kit, securing your property, heeding evacuation warnings, and establishing a safety plan with your family can also help you weather windstorms.

Sterk Financial Services
Plan · Protect · Grow
www.sterkfinancialservices.com