

# Retirement Wellness Outlook



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## The Costly Misconception About Investing for Income

Many of you already know the story behind why I changed my business model nearly 20 years ago. For those of you who don't, it was mainly because my research into market history helped me anticipate the 2000-2003 stock market crash and understand that a long-term cycle was beginning that would lead to even bigger crashes in the years ahead. In other words, I felt that my old business model—which focused heavily on stocks and mutual funds—exposed my clients to an unacceptable amount of risk. What I also learned, however, is that risk reduction is only one aspect of what makes income-based investing such a practical choice for investors in or near retirement. When I'm able to teach this to others, it's like a light-bulb turns on as they realize: "Increasing my income doesn't require increasing my investment risk, but just the opposite!" It comes as a revelation because everyday investors are constantly bombarded by misinformation that causes misconceptions, so I'd like to address one of the most common.

It pertains to the difference between "growth" and "return." Many people use those words synonymously because they've been brainwashed by Wall Street—and advisors with stock-based business models—to believe that investing for growth is the only way to get a reasonable return on their investments. To clear up this misconception, I use a simple formula to illustrate that "return" actually stems from two components:  $TR = I + G$ , which stands for "total return equals income plus growth." To expand on that, it's important to understand that the "income" portion of total return comes in the form of interest and dividends, while growth is measured in capital appreciation. Many people are led to believe that in order to increase returns, you *must* increase growth and that the best way to do that is through traditional "buy and hold" investing in the stock market. Thus, many people have the idea that increased retirement income requires increased risk.

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#### Required Minimum Distributions Workshop

October 12, 2017  
2 p.m.

Henry Carter Hull Library  
10 Killingworth Turnpike  
Clinton, CT

October 17, 2017  
2 p.m.

Acton Public Library  
60 Old Boston Post  
Old Saybrook, CT

#### Bring-a-Friend Wine and Tapas Tasting Workshop Event

October 19, 2017  
5:30 PM

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#### 'G' Sometimes Turns to 'L'

That's wrong for two reasons. I've already alluded to the first, which is that growth can quickly turn to shrinkage or loss when the stock market suffers a major downturn—as it has twice so far since 2000. The second is that when you invest for income instead of growth, you're typically investing in vehicles designed to significantly reduce volatility. For example, they can be insured or come with contractual guarantees (based upon the issuer's credit-worthiness) that let you know your money is secure as it generates income. So, while increasing your portfolio growth may require increasing your risk, increasing your income—if that's your goal, which it should be after age 50—ideally, calls for *reducing* your risk and focusing on strategies specifically designed for protection and income.

This isn't to say you must sacrifice growth when you shift your focus to income. You can continue to grow your portfolio "organically," or the old-fashioned way, by strategically reinvesting the income you don't need into other conservative strategies. The result is reasonable portfolio growth with far less risk and more reliable retirement income through interest and dividends in the average range of 4-6 percent, even in today's low-interest-rate environment.

This is where advisors with conventional Wall Street-based business models would likely try to argue: "But the stock market has gone up over 20 percent just since the presidential election and up over 60 percent since 2000!"<sup>1</sup> That may sound impressive, but what does it actually mean in terms of *returns* for those who've hung on through those two major drops and are still committed to the market? Well, 60 percent equates to a little less than a 3 percent average return since the turn of the century and 4.99 percent with dividends factored in.

The point is, income-based investors whose portfolios have been properly managed to earn around 5 percent have achieved comparable returns to investors focused on growth. But, they've done it with far less risk of a major loss during those two major market corrections and without the continued risk of a third correction that, again, market history suggests is very likely.

#### Is Now a Good Time to Reduce Risk?

As clients, I know many of you are familiar with a lot of these concepts. But, I like to reiterate them in different ways to help you potentially educate friends and family members you know who might be clinging to some of these common misconceptions. Here is another one you can clear up for them if they should ask: "Wouldn't I be a fool to get out of the market now while it's still going up?" The simple answer is no, you wouldn't. As with the misconception about risk and income, the reality is just the opposite of what many people are led to believe. Now is actually a *smart* time to get out based on the most basic principle of investing: buy low, sell high.

Now, could the markets climb even a bit higher in the coming months? Sure, but is anyone *not* aware, at this point, of just how many potential tipping points are in place for the next major market correction? I've been calling attention to these points for months, and rather than any getting resolved, they just keep increasing. For example, as I pointed out last month, the market's entire growth since the election—which I call the "froth" on top of what was already an overvalued market—is almost dependent on the success of Trump's tax plan. Its approval was never a given, but approval now seems even more questionable with our national debt having surpassed the \$20 trillion milestone and Trump agreeing to temporarily raise the debt ceiling.<sup>2</sup>

I also talked about the potential impact of the Fed's efforts to "unwind" quantitative easing, which could topple the markets regardless of whether their efforts succeed or fail. Other factors include increasing tensions with North Korea, the Russia investigation—the list goes on and on. Last month, I likened the market to a floating balloon in search of a pin to land on. So, does it make sense to focus on income and reduce your risk now before the balloon lands and pops? I think so!

1. [macrotrends.net](http://macrotrends.net)
2. John Bat, "National Debt Hits Historic \$20 Trillion Mark," *CBS News*, last modified September 11, 2017, <https://www.cbsnews.com/news/national-debt-hits-historic-20-trillion-mark/>

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Let's change that. Do you know anyone who would benefit from the years of experience and knowledge Dave and Jay have shared with you? If so, you should start referring them.

Call us at 860-399-8202 to get all the details on how to RSVP for a referral dinner event. Remember, we want to educate your friends and family. Invite someone you know who would benefit from hearing Dave speak about important financial topics such as quantitative easing, interest rates, caution in the markets and more.



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**SCRANTON  
FINANCIAL  
GROUP  
TEAM:**

## FINANCIAL TIP

### Fall and Winter Energy Saving Tips

Simple and inexpensive actions can help you save energy and money during the cool fall and winter months. Some of the tips below are free and can be used on a daily basis to increase your savings; others are simple and inexpensive actions you can take to ensure maximum savings through the winter.

If you haven't already, conduct an energy audit to find out where you can save the most, and consider making a larger investment for long-term energy savings.

#### Take Advantage of Heat from the Sun

- Open curtains on your south-facing windows during the day to allow sunlight to naturally heat your home, and close them at night to reduce the chill you may feel from cold windows.

#### Cover Drafty Windows

- Use a heavy-duty, clear plastic sheet on a frame or tape clear plastic film to the inside of your window frames during the cold winter months. Make sure the plastic is sealed tightly to the frame to help reduce infiltration.
- Install tight-fitting, insulating drapes or shades on windows that feel drafty after weatherizing.

#### Adjust the Temperature

- When you are home and awake, set your thermostat as low as is comfortable.
- When you are asleep or out of the house, turn your thermostat back 10° to 15° for eight hours and save around 10% a year on your heating and cooling bills. A programmable thermostat can make it easy to set back your temperature. If you have a heat pump, maintain a moderate setting or use a programmable thermostat specially designed for use with heat pumps.

#### Find and Seal Leaks

- Seal the air leaks around utility cut-throughs for pipes ("plumbing penetrations"), gaps around chimneys and recessed lights in insulated ceilings, and unfinished spaces behind cupboards and closets.
- Add caulk or weatherstripping to seal air leaks around leaky doors and windows.

#### Maintain Your Heating Systems

- Schedule service for your heating system.  
Find out what maintenance is required to keep your heating system operating efficiently.
- Furnaces: Replace your furnace filter once a month or as needed.
- Wood- and Pellet-Burning Heaters: Clean the flue vent regularly and clean the inside of the appliance with a wire brush periodically to ensure that your home is heated efficiently.

#### Reduce Heat Loss from the Fireplace

- Keep your fireplace damper closed unless a fire is burning. Keeping the damper open is like keeping a window wide open during the winter; it allows warm air to go right up the chimney.
- When you use the fireplace, reduce heat loss by opening dampers in the bottom of the

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firebox (if provided) or open the nearest window slightly--approximately 1 inch--and close doors leading into the room. Lower the thermostat setting to between 50° and 55°F.

- If you never use your fireplace, plug and seal the chimney flue.
- If you do use the fireplace, install tempered glass doors and a heat-air exchange system that blows warmed air back into the room.
- Check the seal on the fireplace flue damper and make it as snug as possible.
- Purchase grates made of C-shaped metal tubes to draw cool room air into the fireplace and circulate warm air back into the room.
- Add caulking around the fireplace hearth.

**Lower Your Water Heating Costs**

Water heating accounts for about 18% of the energy consumed in your home.

- Turn down the temperature of your water heater to the warm setting (120°F). You'll not only save energy, you'll avoid scalding your hands.

Originally published online at: <https://www.energy.gov/energysaver/fall-and-winter-energy-saving-tips>

**EXPERT'S CORNER**

**Now in the Second Season**

**Did you know our very own David Scranton is the host of the hit television show "The Income Generation" on Newsmax TV?**



Not only does David offer his own expert insights, but he also interviews top-financial minds about timely issues that affect us all. Past interviews were with Ed Slot, Peter Morici, Mohamed El-Erian, and Steve Forbes.

Stay tuned, every Sunday at 10 AM Eastern time, for a new episode of *The Income Generation with David Scranton* on Newsmax TV.

To find out how to watch, [click here](#).

**Don't forget...Dave Scranton is also regularly seen on:**





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## **Sound Income Strategies**

Sound Income Strategies was founded in 2014 by David J. Scranton (CLU®, ChFC®, CFP®, CFA, MSFS). Sound Income Strategies is a Registered Investment Advisory firm specializing in active management of individual fixed income securities. With our expertise and experience, Sound Income Strategies focuses on maximizing the value of fixed income portfolios and helps build retirement plans that deliver dependable income, growth potential and – most importantly – defense against damaging losses.

As a Registered Investment Advisory firm, Sound Income Strategies diligently honors its fiduciary responsibility, as spelled out in the US Investment Advisors Act of 1940. Our goal is to “always act and serve in the best interest of our clients.”

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Our mission is to educate you and your loved ones concerning the best options for meeting your current financial needs, achieving your long-term financial goals, avoiding common retirement-planning mistakes, and enjoying a lifetime of financial security.

Visit <http://www.sfgpresents.com> to access

*our informative videos and white papers*

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## **RECIPE OF THE MONTH**

**October**



## Autumn Apple Torte

MAKES: 12 servings

### Ingredients:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• 1/2 cup butter, softened</li> <li>• 1/2 cup sugar, divided</li> <li>• 1/2 teaspoon vanilla extract</li> <li>• 1 cup all-purpose flour</li> <li>• 1 package (8 ounces) cream cheese, softened</li> <li>• 1 large egg, lightly beaten</li> <li>• 1/2 teaspoon almond extract</li> </ul> | <ul style="list-style-type: none"> <li>• 2 cups thinly sliced, peeled Granny Smith apples (about 2 medium)</li> <li>• 2 cups thinly sliced, peeled Cortland apples (about 2 medium)</li> <li>• 1/4 cup cinnamon-sugar</li> <li>• 1/4 teaspoon ground nutmeg</li> <li>• 1/2 cup confectioners' sugar</li> <li>• 2 tablespoons 2% milk</li> <li>• 2 tablespoons sliced almonds, toasted</li> </ul> |
|--|--|

### Directions:

1. Preheat oven to 450 degrees. In a small bowl, cream butter and 1/4 cup sugar until light and fluffy. Beat in vanilla. Gradually beat in flour. Press onto bottom and 1 inch up sides of a greased 9-inch springform pan.
2. In a small bowl, beat cream cheese and remaining sugar until smooth. Add egg and almond extract; beat on low speed until blended. Pour into crust.
3. Place apples in a large bowl. Mix cinnamon-sugar and nutmeg; add to apples and toss to coat. Arrange over cream cheese mixture. Bake 5 minutes.
4. Reduce oven setting to 400 degrees. Bake 30-35 minutes longer or until apples are tender. Cool on a wire rack.
5. Remove rim from pan. In a small bowl, mix confectioners' sugar and milk until smooth. Drizzle over torte; sprinkle with almonds. Refrigerate leftovers.

Recipe Note: To toast nuts; place in a dry skillet; cook and stir over low heat until lightly browned.

Originally Published in Taste of Home

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## HEALTHY LIVING

### Your Health is Your Wealth

Many people associate retirement years with declining health. Although your body will change as it ages, you can stay healthy during your retirement years and enjoy many of the same activities you once did. Focusing on your health is a great way to maintain mobility, keep your mind sharp, and maintain an active social life.

Some people remain active and alert well into their 90s. It's never too late to start giving your mind, body, and soul the attention they deserve. Maintain a vibrant and healthy retirement with these tips:

1. **Do something small every day.** Health isn't about trying the latest fad diet or working out at the gym every day. Little choices add up, and each time you make a positive choice, you build mastery and confidence. Focus on making small changes for your financial, physical, and emotional health.
2. **Focus on education.** You're never too old to learn something new. Many college campuses offer continuing education courses for seniors. These are often free or deeply discounted. Enroll in a class that interests you or learn more about a practical subject such as nutrition, financial planning, or communication. Staying engaged in a social environment is emotionally and physically beneficial.
3. **Do something fun.** Being healthy doesn't mean forcing yourself to do military style calisthenics and eating bland foods. Look for fun ways to spend your time doing something healthy. Anything that gets you moving, engages you mentally, or makes you feel happy promotes health. Play with your grandchildren, walk your dog around the neighborhood, or plant the garden you've always wanted.
4. **Get away from the television.** An hour or two of television per day is not considered unhealthy, but many retirees feel lost after retirement. They spend hours in front of the television because they've lost a sense of purpose. Even if you just go to the library and check out a book, getting away from the screen is beneficial. In fact, too much television is connected with increased rates of depression and anxiety.
5. **Don't ignore strength training.** Strength training is a must-do exercise for maintaining muscle and bone mass as you age. Focusing on your strength will protect you from fall accidents and injuries and help you feel more confident as you age. If you can't make yourself do any other exercise during the day, do 15-20 minutes of body weight or weighted strength training exercises to keep your core, arms, and legs strong.
6. **Listen to your body.** As we age, our bodies will change. You may not be able to safely complete the same exercises you did as a 20 or 30 year old. Don't overexert yourself during the day, and talk to a doctor and/or an exercise specialist before you start any new exercise program. Learning techniques and joint-friendly exercises will improve your results and reduce the risk of injury.
7. **Plan group activities.** Focus on your mental and physical health with group activities. Schedule a hike, play outdoor games, or take an exercise class with your friends. A walking pub crawl can even boost your emotional and physical health, as long as you imbibe in moderation. Staying in touch and making new friends will widen your support group and provide a sense of belonging.
8. **Volunteer somewhere.** Volunteering is another good way to boost your mood and your physical health. The social experience of doing something good for others can lower blood pressure and increase your lifespan. Whether you want to work with children or to beautify the neighborhood, help out with a cause that you can really get behind.
9. **Reduce stress.** Stress often prevents us from reaching our goals. Finances and relationships are two huge stress contributors. Alleviate financial stress with some strategic planning and ongoing budget considerations. Talk with your friends and family members and resolve any exiting conflicts to further reduce the amount of daily stress you experience.

Many people associate therapy with serious problems, but therapy/counseling is also beneficial for anyone going through a major transition such as retirement. A counselor can help you work through emotions, communicate better, and find your new purpose in retirement.

**10. Get involved with your spiritual community.** Attend services and study groups and participate in events. A spiritual community may offer the well-rounded support you need to maintain your spiritual and physical health – just watch out for the unhealthy options at the next potluck!

**11. Set goals and rewards.** Incentives drive action, so set some goals for yourself. Plan to walk in a charity walk, exercise 5 days in a row, or introduce yourself to 3 new people this week. If you achieve your goal, indulge in something fun such as a new book, a plant for your garden, or dinner out on the town. In addition to keeping you active, achieving small goals can also help you find new direction and meaning in life as a retiree.

**12. Get cooking.** Learning how to cook healthy meals can be relaxing and engaging. Take some time to learn more about nutrition and to plan meals that address your needs as an aging adult. Eating whole foods rich in protein, good fats, and complex carbohydrates will help you maintain your energy, your overall health, and your mood.

You don't need to become a health nut or go on a strict diet to reap the benefits of healthy cooking. Make small changes and pay attention to how you feel after each meal. With so many great recipes online today, healthy eating is tastier and more affordable than ever.

Health and wellness refers to your life, not just numbers on a chart. Balance and moderation are the keys to maintaining your physical, emotional, spiritual, and financial health. Do something small every day to reach your goals and you'll naturally start to gravitate towards healthy activities and choices on a routine basis.

Originally published at: <http://retireonpurpose.com/your-health-is-your-wealth-12-tips-for-staying-healthy-during-retirement/>

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## EVENTS

### Required Minimum Distributions (RMD) Workshop

Learn how to calculate RMDs, how much additional income tax you can expect, tax saving strategies, asset allocations and how to set up beneficiaries for maximum tax efficiency.

Join us for either workshop listed below.

**Thursday, October 12, 2017**

2 p.m.  
Henry Carter Hull Library  
10 Killingworth Turnpike  
Clinton, Connecticut

**Thursday, October 17, 2017**

2 p.m.  
Acton Public Library  
60 Old Boston Post Road  
Old Saybrook, Connecticut

**For more information or to RSVP, please contact Laura at (860) 339-1116.**

### Bring-a-Friend Wine and Tapas Tasting Event

Join us for an informative wine and tapas tasting on **Thursday, October 19th**. Now would be an ideal time to think about your family and friends who may benefit from hearing information on important financial topics such as quantitative easing, interest rates, caution in the markets and more.

**For more information or to RSVP, please contact Laura at (860) 339-1116.**

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***We look forward to hearing from you!***



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