



WHAT DOES RETIREMENT LOOK LIKE IN 2017?

As we end our three-part series reviewing what retirement looks like in 2017, we will explore factors that could potentially affect your planned withdrawal strategy in retirement this year. Economic changes and market fluctuations happen and being prepared for these changes will help keep your mind at ease. Here are some factors to consider when thinking about your retirement savings withdrawal strategy:

Inflation – Over the last year, the inflation rate increased from 2.2 percent in 2016 to 2.3 percent in 2017. What this means is there is a possibility that the Federal Reserve could raise interest rates again.¹ For those in retirement living on a fixed income, increased interest rates could impact your planned withdrawal strategy. Inflation causes the cost of goods and services to rise, meaning your money may not go as far as you had planned it would. That's where a budget comes into play along with our long-term planning strategy.

Healthcare and prescription drug costs – From what we have seen medical costs are going nowhere but up and for retirees, they will see a modest increase in Medicare Part B premiums that cover physician services, outpatient hospital services and medical equipment.² This increase is tied to the Social Security COLA increase. Nonetheless, given the upward trajectory of healthcare costs in general, we will take into consideration medical inflation when planning your retirement withdrawal strategy. In addition, prescription drug costs are expected to increase by 6 percent, according to CBS Money Watch.³ Prescription drug cost increases have been a trend over the past decade and will continue in 2017. Patients seeking relief and treatment for conditions, such as cancer, Rheumatoid Arthritis and Multiple Sclerosis, will require specialty drugs, which are more in demand and therefore command a higher price tag. This is just another reason to carefully consider your retirement withdrawal strategy to account for higher medical costs.

Housing prices – Housing market forecasts expect the median home sales price to gain 5.3 percent in 2017 compared to 2016, according to real estate website, Redfin.⁴ While unemployment is currently low and wages are expected to grow, there will still be a lack of homes affordable enough to someone earning a median income. Retirees in 2017 will want to carefully consider their housing options given their limited income. We can discuss whether your decision to move or stay put for a few years makes sense given these forecasts.

Dining out – While grocery prices are estimated to remain level in 2017, the cost of dining out, however, is expected to increase. Restaurant prices have increased due to labor cost boosts and stagnant growth over the past year. So as you look toward your retirement days living on a fixed income, take into account that going out to eat and other dining splurges might cost you more this year.

Planning for expected and even unexpected economic changes is possible. If you, a friend or family member have questions about how much to withdraw in retirement and would like to review your overall retirement savings plan, please contact the office.

¹ <http://www.kiplinger.com/article/business/T019-C000-S010-inflation-rate-forecast.html>

² <http://www.cnbc.com/2016/11/14/medicare-premium-hikes-will-be-modest-for-most-in-2017.html>

³ <http://www.cbsnews.com/news/drug-prices-to-rise-12-percent-in-2017/>

⁴ <https://www.forbes.com/sites/samanthasharf/2017/01/03/housing-outlook-2017-eight-predictions-from-the-experts/#2ebfcaa37fa0>

FOUR TECH-SAVVY WAYS TO POCKET MORE FOR RETIREMENT

If you were to compare Millennials to Baby Boomers today, the one thing they have in common is an appreciation for technology. In fact, Baby Boomers are using the help of apps to save for retirement. Whether you are in retirement or headed that direction shortly, taking advantage of the latest technology is an important step in planning your financial future. Here are some tech-savvy ways to utilize applications to better prepare your retirement nest egg.

Digit: Digit is a free money saving app that automates your savings for you. Whether you want to supplement your retirement savings or sock money away for a special trip, Digit securely connects with your bank account, evaluates your spending and then takes small chunks of money you don't need and saves it for you. You get a text update to tell you how much you've "saved" that week. The app is text-based meaning if you want to check your balance, transfer or withdraw funds you can do it all via text. Remember, every little bit counts.

Gas Buddy: Gas prices can be a major headache when money is tight, but with the help of Gas Buddy you can easily find the lowest prices for gas in your area. It may seem inconvenient at first, but taking small steps to save some change could mean a bigger step toward reaching your retirement goals.

Groupon/Living Social: Retirement doesn't mean you have to do the same thing every day to save a buck. If you enjoy eating out or having the occasional treat like a massage, there are ways to enjoy these splurges while living on a fixed income. Using deal sites like Groupon and Living Social can help you find savings at restaurants you might already frequent or enjoy doing something out of the ordinary at a reasonable price.

Grocery IQ: You know the rule: don't go to the grocery store hungry as it will only lead to overspending. The average person heads to the grocery store a few times a week. The Grocery IQ app is designed to help anyone looking to save some extra cash to stay on task in the store. You can build grocery lists, use voice recognition and take advantage of coupon offers at your local grocery stores. This is an ideal app to keep you accountable to your budget and save more money in the long run.

Technology can be a beautiful thing when saving for retirement but so can regular visits to the office to be sure you're sticking to the plan. Contact the office if you have questions or concerns about your retirement savings.

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