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When retiring isn't an option: 'I couldn't retire if I wanted to'

People just aren't prepared. According to a study on retirement confidence by the Employee Benefit Research Institute published last week, less than half of those surveyed have tried to calculate how much money they'll need in retirement, and 39% simply guess rather than doing a systematic analysis.

And it gets worse. Last month the New York Federal Reserve released a report that found that people over 50 are carrying more debt than they had in the past. It found that the debt held by younger borrowers dropped slightly from 2003 to 2015, whereas debt held by people between ages 50 and 80 spiked by 60% over the same period.

What types of borrowing play the largest role in the observed surge in debt at older ages?

The average 65-year-old had $27,259 in mortgage debt (including a home equity line of credit, or HELOC) in 2003. By 2015, that figure climbed 47% to $40,000, according to NY Fed data. The same age group carried $2,973 in auto loan debt in 2003, and $3,830 in 2015 – a 29% increase. Credit card debt levels remained around the same for 60- and 65-year-olds – and even dropped moderately – between 2003 and 2015. Student loan debt increased among 65-year-olds over the same period.

Yahoo Finance took an informal survey of retirees and those close to retirement age in New York recently to get a sense of how they view their retirement prospects. Some people we spoke with were in comfortable financial situations, while others (who you can hear from in the video above) planned to work as long as they possibly could. Whether because of considerable mortgage debt or because they've exhausted their savings to pay for their children's college education, retirement isn't on the near horizon.

Michael Barry, a self-employed farmer on Long Island, says he plans on working as long as he can. "I love what I'm doing. So I really enjoy it. And as long as I'm healthy. I intend to continue," Barry, 65, says. "The other reason is that I couldn't retire if I wanted to, financially."

Debt – especially mortgage debt, often the most costly monthly expense – can stand as an obstacle between retiring and having to continue working. Indeed, according to the Fed's 2014 Survey of Household Economics and Decision Making, about 31% of non-retiree respondents have no retirement savings or pension.

It's important to note that debt isn't always a negative, even for near-retirees. Most homeowners benefit from a mortgage interest deduction. But the value of the deduction may drop when you retire. You might be paying far less interest on your loan, which means a far smaller mortgage interest deduction. (Here's a more detailed look at the pros and cons of retiring with debt.)

"We try to help our clients understand the math, but at the end of the day, the qualitative aspects tend to be more important to people. We're not worried about debt if it's done right," says Brett Horowitz, CFP and wealth manager at Evensky & Katz in Coral Gables, Fla.

Source: https://finance.yahoo.com/news/debt-and-retirement---i-couldn-t-retire-if-i-wanted-to--173153224.html

Buying a car: Determining your car budget

After your mortgage or rent, car loan or lease payments are likely to be the next-biggest item in your monthly budget. So calculate carefully what you can really afford. Remember to take into account such items as insurance costs, which can run as high as 12%, but more typically 5% to 8% of the purchase price.

A new (or used) car calls for a new state registration, with fees typically running from $50 to $125. These items usually figure into the total amount you borrow with a loan or finance with alease -- and therefore help determine your real-life monthly payments.

A good rule of thumb is to plan on spending 10% to 15% of your total monthly budget on all automotive expenses. If you are buying a new car, your warranty will cover major repairs for at least the first three years in most cases, but will usually not cover routine maintenance such as oil changes or replacement for items such as batteries, windshield wipers or tires.

A new car means higher insurance costs. (Opting for a late-model used car can cut those costs.) Your premiums for liability coverage, required of all drivers, may not change much from your old car. What will increase is the so-called collision and comprehensive portions of your policy.

Collision pays to repair accident damage to your car, while comprehensive covers theft, fire and natural disasters. Since you will want these types of coverage for a new car, your costs could shoot up sharply.

Check the record. One way you can cut your insurance costs before you buy is to choose a model that has a good safety record and/or a low theft rate. Insurance costs vary not only by model but also by metropolitan areas, and even from city to suburbs within those areas. So when you have narrowed the number of cars or trucks on your wish list to a handful, call your agent for a rate quote, or check theft and safety records on the Web.

For federal crash test results, go to www.safercar.gov. The site operated by the insurance company-sponsored Highway Loss Data Institute will give you rankings for injury and property losses for any vehicle, plus a list of the most- and least-stolen models. Both those factors affect insurance costs as well as your safety and peace of mind.

Source: http://money.cnn.com/pf/money-essentials-car-budget/index.html

CEO CORNER—*Brian Thomas & Matt DiVirgilio*

Dear Valued Clients,

Finally, Spring is here! With the weather a bit warmer and the snow gone now is the perfect time of year to set up an appointment to go over your accounts. We welcome you to give us a call at any time with your questions, concerns, or to schedule some time to meet with us.

Also to all our home and auto clients feel free to give us a call when your policy is close to renewal, our agents now have access to several new carriers and would be happy to shop around for you!

We here at DFG want you to make the most of this time of year. Let us know if we can be of any assistance in the days ahead and enjoy the warmer weather, you deserve it.

Sincerely,

Office Hours:
Monday-Thursday
8:30a—4:30p
Friday
9a-4p

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Call us for a complimentary home or auto quote 781-592-5220!!!