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Why Medicare Should Be Part of Your Retirement Strategy

The premiums and coverages vary, and you must realize the differences.

Medicare takes a little time to understand.

As you approach age 65, familiarize yourself with its coverage options, costs, and limitations.

Certain features of Medicare can affect health care costs and coverage.

Some retirees may do okay with original Medicare (Parts A and B), others might find it lacking and decide to supplement original Medicare with Part C, Part D, or Medigap coverage. In some cases, that may mean paying more for health care than you initially figured.

How much do Medicare Part A and Part B cost, and what do they cover? Part A is usually provided with no charge; Part B is not. Part A is hospital insurance and covers up to 100 days of



How Much Money Will You Need for Retirement?



It depends on your goals, time horizon, and risk tolerance.

"Will I outlive my retirement money?"

That's one of the top fears for people who are starting to prepare for their retirement years.

So I have to chuckle a bit when I see headlines that say, "Here's how much money Americans think they need to retire comfortably."¹

\$1.9 million is the number, according to a nationwide survey of 1,000 employed 401 (k) participants by a well-known financial services company. In 2019, the same survey reported the number was \$1.7 million. But this year's pandemic increased the total by \$200,000.²

Is \$1.9 million a realistic figure for retirement? It's hard to say. The survey didn't ask participants how they arrived at that figure or what information they used to draw that conclusion.

Determining how much money you need in retirement is a process. It shouldn't be a number that you pull out of thin air.

The process should include looking at your current financial situation and developing an approach based on your goals, time horizon, and risk tolerance. The process should take into consideration all your potential sources of retirement income, and also may project what your income would look like each year in retirement.

A significant figure like \$1.9 million does little good if you're uncertain what it means for your retirement years. We can help you develop a retirement strategy and show you investment ideas designed to help you pursue the retirement of your dreams.

- Mico



hospital care, home health care, nursing home care, and hospice care. Part B covers doctor visits, outpatient procedures, and lab work. You pay for Part B with monthly premiums, and your Part B premium is based on your income.¹

It's best to prepare for the copays and deductibles linked to original Medicare. In addition, original Medicare does not cover dental, vision, or hearing care, nor prescription medicines or health care services outside the U.S. It pays for no more than 100 consecutive days of skilled nursing home care. These out-of-pocket costs may lead you to look for supplemental Medicare coverage as a way of paying or extended care.¹

Medigap policies help Medicare recipients with some of these copays and deductibles. Sold by private companies, these health care policies can pay a share of certain out-of-pocket medical costs (i.e., costs greater than what original Medicare covers for you). You must have original Medicare coverage in place to purchase one. The Medigap policies being sold today do not offer prescription drug coverage.²



Financial Strategies for Young Families

It's never too late to start.

The hardest part is getting started. Even though more than half of U.S. households have some form of investment in the stock market, many new parents may still find that creating a financial strategy is the last thing on their minds. And who can blame them? After all, new parents have a million concerns to keep in mind on top of any unexpected financial pressure that may arise. But for young families with discretionary income, creating a financial strategy may be easier than they realize.¹

Remember that investing involves risk, and the return and principal value of investments will fluctuate as market conditions change. Investment opportunities should take into consideration your goals, time horizon, and risk tolerance. When sold, investments may be worth more or less than their original cost. Past performance does not guarantee future results.

What's your end goal? What expenses do you anticipate in 5, 10, or even 15 years from now? These can be tough questions to answer while raising a family.

Establishing your investments' goal or goals is one of the many ways your financial professional can help. Before your first meeting, jot down all the financial questions you can think of – no matter how silly they may seem to you. These answers can help define your family's short-term and long-range financial goals.

Once you start, try not to stop. If you have already started investing, congratulations may be in order! In getting an early start, you have taken advantage of a powerful financial asset: time. However, don't overlook the power of consistency. For some, consistent investing may be the most realistic pathway to pursuing their financial goals.

For those who haven't started, that's okay too. Remember, it doesn't always take a lump sum to begin. Even auto-depositing \$100 a month into an account is a step toward your family's goals. And who knows? As your family's circumstances change, you may be able to contribute even more over time.

There is no "one way." The point is that there isn't a single, one-size-fits-all solution for young families that are looking to invest in their future. Financial professionals also know this and can help craft a strategy suited to your risk tolerance, goals, and financial situation.

- Shawn





What Are Stock Splits?

Here's what you need to know.

Two high-profile companies—Apple and Tesla—have announced stock splits in the past few weeks, which makes it a great time to discuss what's involved when a company announces a stock split.

Remember, any companies mentioned are for illustrative purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, timeframe, and risk tolerance.

The Securities and Exchange Commission says, "Companies often split shares of their stock to try to make them more affordable to individual investors. Unlike an issuance of new shares, a stock split does not dilute the ownership interests of existing shareholders."¹

Apple Inc. announced that the 4-for-1 split of its common stock, and trading is expected to begin on a split-adjusted basis on August 31. Tesla Inc. plans a 5-for-1 split, which also is scheduled to begin trading on a split-adjusted basis on August 31.^{2,3}

When a company declares a stock split, a shareholder's total market value will remain the same. For example, say you own 100 shares of a company that trades at \$200 per share. If the company declares a 2 for 1 stock split, you will own a total of 200 shares at \$100 per share immediately after the split. If the company pays a dividend, your dividends paid per share will also fall proportionately.⁴

There is also a "reverse stock split." If a company declares a reverse split, it plans to reduce the number of outstanding shares, such as a 1 for 2 split. A reverse stock split tends to occur with companies that believe their stock price is too low to attract investors.⁵

Will more companies consider a stock split? That's hard to say. Some companies prefer a higher stock price. Perhaps the best-known high-priced stock is Warren Buffett's Berkshire Hathaway Inc. It's Class A shares trade for more than \$300,000 a share.⁶

In the days leading up to a stock split, you're likely to hear a lot of opinions about the companies. Over the years, we have found that it's best to ignore that chatter and stick with an investment approach that's in line with your personal situation.

-Barbie



Citations

1. SEC.gov, 2020
2. Investor.Apple.com, July 30, 2020
3. ir.Tesla.com, August 11, 2020
4. Dividends can be stopped, increased, or decreased at any time by a company's board of directors.
5. FINRA.org, 2020
6. Investopedia.com, February 19, 2019

Investing involves risk, and the return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Past performance does not guarantee future results.

Part D plans cover some (but certainly, not all) prescription drug expenses.

Monthly premiums are averaging \$32.74 this year for these standalone plans, which are offered by private insurers. Part D plans currently have yearly deductibles of less than \$500.^{3,4}

Creating a Medicare strategy is integral to your retirement preparation. Should you try original Medicare for a while? Should you enroll in a Part C HMO with the goal of managing your overall out-of-pocket health care expenses? There is also the matter of elder-care and the potential need for interim coverage if you retire prior to 65. Discuss your concerns about Medicare in your next conversation with your financial professional.

- Jim



Citations

1. Medicare.gov, August 13, 2020
2. Medicare.gov, August 13, 2020
3. CNBC.com, August 6, 2020
4. Medicare.gov, August 13, 2020

Halloween Fun Facts

- * Candy Corn was voted "Most Hated" candy of 2019.
- * Halloween recently surpassed Valentines Day as highest grossing candy sale holiday.
- * The average American spends \$86.27 on Halloween annually.
- * This will be the first Halloween in 19 years to have a full moon.





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Trouble with an Old 401(k)?

In today's economy, more people are having more than one career position as they progress towards retirement.

One of the most common things we see in the financial industry is 401(k)'s, or other precious retirement assets get left behind, forgotten, or lost.

If you or someone you know has recently switched roles, lost employment, or feel you have retirement assets elsewhere waiting to be consolidated....

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