

• HORWITZ • & ASSOCIATES

RETIREMENT IN SIGHT

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

QUOTE OF THE MONTH

"To me, retirement means doing what you have fun doing."

DICK VAN DYKE

A SPRING CLEANING FOR YOUR RETIREMENT STRATEGY

Spring cleaning: you tidy up, organize, and put things in order. You can take a "spring cleaning" approach to your retirement, just as you can with your home or garage. It may be helpful, especially if retirement seems near.

This is a good time for a review of your retirement accounts. As you get older, you may want to accept less risk in those accounts, and specific business, career, or life events might mean considering adjustments to your retirement strategy. Some people have old retirement accounts from previous jobs. There might be benefits to consolidating them: less paperwork when your retirement transition happens and perhaps a more accessible summary or analysis of your financial position. If you get the sense that there is an old retirement account that could "work harder" for you, you may want to examine your choices.¹

Once you reach age 72, you must begin taking required minimum distributions from retirement accounts, such as a 401(k) or traditional individual retirement account. Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.



RECIPE

Superb Spring Vegan Blackberry Cobbler

Serves 6

Ingredients

- 1 cup flour
- 1/2 cup sugar
- 1 heaped tsp. baking powder
- 1/4 tsp. cinnamon
- 1 cup unsweetened vanilla almond/soy milk, warmed if using coconut oil
- 1/3 cup coconut oil or vegan butter/margarine, warmed to liquid state
- 2-3 cups (about 12oz.) blackberries, fresh or frozen

Directions

Preheat oven to 350°F.

To make the batter: whisk the flour, sugar, baking powder, and cinnamon together in a medium bowl. Add milk and mix well (if you want to use coconut oil, warm the almond/soy milk before adding it; if you don't, it will harden the coconut oil when mixed in). Add oil/butter next, then mix well again.

To form the cobbler: Pour batter into an 8-inch baking dish. Drop blackberries into the batter, distributing evenly. Push down some of the blackberries into the batter, then add more over the top. Sprinkle a little pure cane sugar over top if you wish.

To bake: Place on the middle rack of an oven and bake for 40-45 minutes. Let cool a few minutes and serve.

Source: *The Simple Veganista*, March 13, 2022²



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VACATION WITH GRANDKIDS

Road Scholar (previously known as Elderhostel) says 66% of grandparents report having vacationed with grandchildren. If you have such a trip coming, think about involving the grandkids. What do your grandkids want to see? What piques their curiosity? Remember that accommodating their interests and attention spans will often come first; sometimes, kids will warm to a "mature" activity, sometimes they will get bored and squirm, which might necessitate a change of plans during a day. So consider a Plan B for your stops or destinations.

If you are on a road trip, you may need to learn how a car seat works, correctly fit one in the car, and the guidelines about front-seat sitting per state laws and the model and make of vehicle you drive. You will also want to research where the bathroom stops are if your trip takes you through rural areas or national parks – and you may want to get into the habit of just pulling over and letting the grandkids get out of the car and play every 100 miles.

Lastly, be prepared for the unexpected: as you or your grandkids may be on medication or have health concerns, you may want or need to bring medical releases from their parents, some form of medical history, appropriate meds for the grandkids, and instructions on how to give them, and copies of health insurance and doctor contact information.³



DID YOU KNOW?

Teddy Roosevelt kept a black bear in the White House

The 26th president was not only an outdoorsman but also a keen animal lover, and the Roosevelt family had a variety of pets during his terms in office: a baby black bear named Jonathan Edwards, a lizard, a snake, a pony (which once rode in a White House elevator), a pig, guinea pigs, a blue macaw, a rabbit, a hyena, a badger, a barn owl, a hen, a rooster, and several dogs including a pit bull.⁴

ON THE BRIGHT SIDE

According to one survey, women have become more confident in their retirement outlook. In a 2022 survey by U.S. Bank, 57% of women and 62% of men were satisfied they would be able to retire when they wished. In the 2020 edition, 48% of women felt that they would be able to retire when they wanted to retire, as compared with 61% of men.⁵

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BRAIN TEASER

A shop sells apples for \$1 each. Each apple comes wrapped in a special wrapper. You can trade 3 wrappers for 1 apple. If you have \$15, what is the maximum number of apples you can buy?

STUMPED? SEE THE BACK PAGE FOR THE ANSWER!

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CITATIONS.

- 1 - New York Times, March 13, 2022
- 2 - The Simple Veganista, March 13, 2022
- 3 - Road Scholar, March 13, 2022
- 4 - National Park Service, November 22, 2020
- 5 - Yahoo! Finance, March 8, 2022

Should You Downsize for Retirement?

Some retirees save a great deal of money by doing so; others do not.

You want to retire, and you own a large home that is nearly or fully paid off. The kids are gone, but the upkeep costs haven't fallen. Should you retire and keep your home? Or sell your home and retire? Maybe it's time to downsize.

Lower housing expenses could put more cash in your pocket. If your home isn't paid off yet, have you considered how much money is going toward the home loan? When you took out your mortgage, your lender likely wanted your monthly payment to amount to no more than 28% of your total gross income, or no more than 36% of your total monthly debt repayments. Those are pretty standard metrics in the mortgage industry.¹

What percentage of your gross income are you devoting to your mortgage payments today? Even if your home loan is 15 or 20 years old, you still may be devoting a significant part of your gross income to it. When you move to a smaller home, your mortgage expenses may lessen (or disappear) and your cash flow may greatly increase.

You might even be able to buy a smaller home with cash (if finances permit) and cut your tax liability. Optionally, that smaller home could be in a state or region with lower income taxes and a lower cost of living.

You could capitalize on some home equity. Why not convert some home equity into retirement income? If you were forced into early retirement by some corporate downsizing, you might have a sudden and pressing need for retirement capital, another reason to sell that home you bought decades ago and head for a smaller one.

The lifestyle reasons to downsize (or not). Maybe your home is too much to keep up, or maybe you don't want to climb stairs anymore. Maybe a condo or an over-55 community appeals to you. Maybe you want to be where it seldom snows.

On the other hand, you may want and need the familiarity of your current home and your immediate neighborhood (not to mention the friends close by).

Sometimes retirees underestimate the cost of downsizing. Even the logistics can be expensive. Just packing up and moving a two-to-three-bedroom home will cost about \$1,250 if you are resettling locally. If you are sending it long distance, you can expect the journey to cost around \$5,000, if not more. If you can't sell or move everything, the excess may go into storage, and the price tag on that may be around \$90 a month. In selling your home, you will probably pay commissions to both your agent and the buyer's agent that add up to 6% of the sale price.^{2,3,4}

Some people want to retire and then sell their home, but it may be wiser to sell a home and then retire if the real estate market slows. If you sell sooner instead of later, you can always rent until you find a smaller house that could save you thousands (or tens of thousands) of dollars over time.

Run the numbers as accurately as you think you can before you make a move. Downsizing always seems to have a hidden cost or two, but for many retirees, it can open a door to long-term savings. Other seniors may find it cheaper to age in place.

Citations.

1 - nerdwallet.com/blog/mortgages/two-ways-to-determine-how-much-house-you-can-afford/ [4/26/22]

2 - investopedia.com/articles/personal-finance/061914/downsides-downsizing-retirement.asp [9/16/21]

3 - moving.com/movers/moving-cost-calculator.asp [4/27/22]

4 - gobankingrates.com/saving-money/home/why-still-wasting-money-storage-units/ [8/31/21]

MARKET PERFORMANCE

01/01/2021 to 04/30/2022

DJIA ^DJI Down -9.42%

S&P 500 ^GSPC Down -13.55%

NASDAQ ^IXIC Down -21.84%

Russell 2000 ^RUT Down -18.39%

*Index performance does NOT include any fees (Gross of fees)

Source: <http://finance.yahoo.com>



Why Don't All Affluent People Become Wealthy?

Perception, hesitation, & poor decisions are factors.

Why do some people let their potential for lifetime wealth slip away?

Some people are better off economically at 30 or 40 than they are at 50 or 60. In some cases, fate deals them a bad hand. In other cases, bad decisions and inaction are to blame.

Some buy depreciating assets instead of allowing assets to appreciate.

They rack up debt and live beyond their means. What are they spending so much on? It isn't just consumer staples. It's not unusual for a family to "keep up with the Joneses."

Contrary to the bumper sticker, the person who dies with the most toys does not necessarily win. In fact, that person may leave a pile of debt and little else behind. Today's hottest cars, clothes, flat screens, phones, and tablets may be tomorrow's junk and clutter.

Some never prioritize a retirement strategy. For many, there are opportunities to invest, whether it be through a traditional individual retirement account or a workplace retirement account. In the case of workplace retirement accounts, some companies offer matching contributions, which may be an opportunity to heighten your savings power. That being said, not everyone takes advantage of these opportunities.¹

Once you reach age 72, you must begin taking required minimum distributions from your 401(k) plan and traditional IRA in most circumstances.

Withdrawals are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

Some never build up an emergency fund. Financial challenges will arise, and a rainy-day fund can help you meet them. Striving to save for that rainy day also helps to promote good, lifelong saving habits.

Some invest without a strategy. Chasing the recent hot trend is a behavior that may lead to frustration instead of financial freedom. Instant wealth seldom comes from an overnight winner. These ideas don't stop people from hazardingly assigning an excessive portion of their assets to one investment.

Some accept a "forever middle class" mindset. Some people define themselves as middle class and accept that definition all their lives. The danger is that this can amount to a kind of psychological barrier, a sense that "this is it" and that "getting rich" is for others.

Behavior & belief may count as much as effort. It takes some initiative to create lifetime wealth from present-day affluence, but a person's outlook on money (and view of its purpose) can influence that effort – for better or worse.

Citations

1. CNBC.com, March 4, 2022

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BRAIN TEASER ANSWER: 22. The obvious answer would seem to be 15 apples. But you can trade the wrappers to get 5 more apples. Trade again and you'll have 1 more apple and 2 leftover wrappers. Then trade the remaining wrappers to get 1 more apple for a total of 22.