

HOW RETIREMENT SPENDING CHANGES WITH TIME



New retirees sometimes worry that they are spending too much, too soon. Should they scale back? Are they at risk of outliving their money?

This concern is legitimate. Many households “live it up” and spend more than they anticipate as retirement starts to unfold. In ten or twenty years, though, they may not spend nearly as much.¹

The initial stage of retirement can be expensive. Looking at mere data, it may not seem that way. The most recent Bureau of Labor Statistics figures show average spending of \$60,076 per year for households headed by Americans age 55-64 and mean spending of just \$45,221 for households headed by people age 65 and older.^{1,2}

Affluent retirees, however, are often “above average” in regard to retirement savings and retirement ambitions. Sixty-five is now late-middle age, and today’s well-to-do 65-year-olds are ready, willing, and able to travel and have adventures. Since they no longer work full time, they may no longer contribute to workplace retirement plans. Their commuting costs are gone, and perhaps they are in a lower tax bracket as well. They may be tempted to direct some of the money they would otherwise spend into leisure and hobby pursuits. It may shock them to find that they have withdrawn 6-7% of their savings in the first year of retirement rather than 3-4%.

When retirees are well into their seventies, spending decreases. In fact, Government Accountability Office data shows that people age 75-79 spend 41% less on average than people in their peak spending years (which usually occur in the late 40s). Sudden medical expenses aside, household spending usually levels out because the cost of living does not significantly increase from year to year. Late-middle age has ended and retirees are often a bit less physically active than they once were. It becomes easier to meet the goal of living on 4% of savings a year (or less), plus Social Security.²

Later in life, spending may decline further. Once many retirees are into their eighties, they have traveled and pursued their goals to a great degree. Staying home and spending quality time around kids and grandkids, rather than spending money, may become the focus.

One study finds that medical costs burden retirees mostly at the end of life. Some economists and retirement planners feel that retirement spending is best depicted by a U-shaped graph; it falls, then rises as elders face large medical expenses. Research from investment giant BlackRock contradicts this. BlackRock's 2017 study on retiree spending patterns found simply a gradual reduction in retiree outflows as retirements progressed. Medical expenses only spiked for most retirees in the last two years of their lives.³

Retirees in their sixties should realize that their spending will likely decline as they age. As they try to avoid spending down their assets too quickly, they can take some comfort in knowing that in future years, they could possibly spend much less.

Have a great weekend!

Source: Marketing Pro

Golf Tip of the Week



Hit Woods + Hybrids More Solidly!

LOW + SLOW- The best way to get more accurate with your woods and hybrids is to focus more on centeredness of contact. One of the more common problems seen with these clubs is, many golfers feel they need to lift the club up with their hands and hit down on the ball-again, with the hands. While a slight angle of descent is preferred with your woods and a steeper angle is better with your hybrids, you don't want to get too steep that you end up chopping down on the golf ball and hitting it fat, thin or who knows what. Think of having a "low and slow" takeaway to ensure you don't get too steep and run into trouble.

Tip courtesy of Doug Hammer, PGA / Golf Tips Mag'

Recipe of the Week



Summer Fruit Cobbler

Make the most of fresh fruits when they're in season.

Serves 6

Ingredients

About 1-1/2 pound fresh peaches, nectarines, blueberries, strawberries, blackberries, or other seasonal fruit, rinsed and sliced into small pieces (not necessary for small berries)

1/3 cup plus 1/4 cup granulated white sugar

1 1/2 cups plus 1 tablespoon all-purpose flour

2 teaspoons baking powder

1/4 teaspoon kosher salt

1 teaspoon grated lemon zest from an organic lemon

6 tablespoons cold unsalted butter, cut into pieces

2 cups heavy whipping cream, cold

1 teaspoon pure vanilla extract

Chef's Tip: Some fruits are sweeter than others. Taste your fruit and consider cutting back on the sugar if you think it's already quite sweet.

Directions:

1. Preheat your oven to 375° F.
2. Toss the fruit pieces with 1/3 cup of sugar and 1 tablespoon of flour and pour them into a skillet or pie dish.
3. In a medium bowl, combine the rest of the flour and sugar with the baking powder, salt, and lemon zest.
4. Using a pastry cutter, food processor, or two knives, cut the butter into the dry ingredients and mix until coarse crumbs form. Do not allow the butter to melt. Add 3/4 cup of the cream and mix until a loose dough forms.
5. Form balls of dough and drop them over the fruit mixture.
6. Bake the cobbler for about 35 or 40 minutes until the top is golden and the berries are bubbling.
7. Meanwhile, add the vanilla extract to the remaining cream and beat with a hand mixer or whisk until it forms soft peaks.
8. Serve the cobbler topped with the fresh whipped cream.

Recipe adapted from Sara Quessenberry | RealSimple.comⁱⁱ

Health Tip of the Week



Top Superfoods

You probably know that berries and leafy green vegetables are great sources of important vitamins and minerals; however, you might not know about these other amazing superfoods:

- Matcha is a finely ground green powder that's often used in teas and smoothies. It has tons of antioxidants and boosts your metabolism without giving you the jitters.
- Freekeh is toasted young green wheat that's packed with protein, vitamins, and minerals.

- Chia seeds will add a powerful dose of healthy fats, fiber, and protein to a smoothie.
- Fermented foods like kimchi and sauerkraut are rich in digestive enzymes and active probiotic cultures.

Tip courtesy of AARPⁱⁱⁱ

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- 3 - cbsnews.com/news/rethinking-a-common-assumption-about-retirement-spending/ [12/26/17]

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ⁱ <http://www.golftipsmag.com/instruction/shotmaking/target-golf/#.U8KuE1dVsl>

ii <http://www.realsimple.com/food-recipes/browse-all-recipes/rice-beans-steak-fresh-tomatillo-salsa>

iii <http://www.aarp.org/health/healthy-living/info-2016/mosquito-bites-sunscreen-summer-photo.html#slide3>