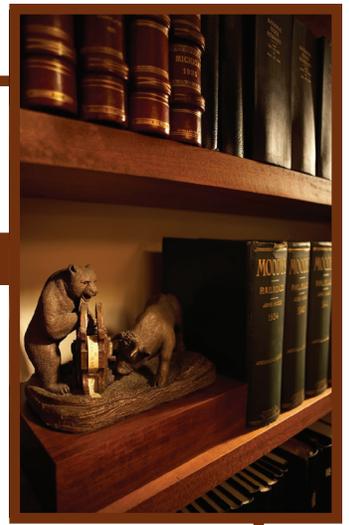


The INVESTMENT LETTER

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Are You Planning to Retire?

Planning for retirement can prevent stressful financial planning once a person actually retires. However, all too often, many Americans reach retirement only to find that they cannot support their lifestyle, do not have enough savings to do things they want, or, even worse, only have enough money saved to “get by” for the first few years of retirement. Even more alarming, one recent poll suggested that one out of three Americans do not have *any* savings for retirement.¹

We believe that retirement should be a time to enjoy life, travel the world, and spend time with family – to do the things that each person wants to do. It should not be the time to worry about finances, wonder whether your money will last the remainder of your and your spouse’s life, or realize that certain life goals are not possible.

No matter your age, it is never too early or late to plan for retirement. In doing so, here are a few points to keep in mind:

Tailor a Portfolio That Meets Your Needs

Planning for retirement should start with a tailored portfolio of investments, which is shaped by each person’s age, income expectancy, risk tolerance, and life style. Investment Counsel works with each of its clients to develop this customized approach, creating a diversified portfolio that matches

each client’s goals. We like to walk through different hypotheticals of potential gains and losses to better assess how, and where, investments should be made. Throughout its research, Investment Counsel focuses on high-quality securities that help each client achieve his or her goals. Because maintaining a well-balanced portfolio is an on-going process, we make sure to continually monitor each client’s portfolio and stay informed on any developments that affect security performance. We also collaborate with our clients to help identify any changes in risk tolerance or goals, which are both common changes as individuals approach retirement.

Evaluate Your Current Lifestyle

Each person will have a different lifestyle and standard of living, and planning for retirement is a good opportunity to determine what is most important in your life. If your lifestyle requires you to spend a majority of your income on current expenses, it might be worth it to reduce that spending. Remember that money spent now is money that will not be available in retirement. In addition, and perhaps most importantly, money spent now will not accumulate any capital gains that investing in a well-balanced portfolio may provide.

On the other hand, if you live a relatively simple life, and do not have high current

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expenses, you may be able to increase your spending. We recently worked with a couple that shared one car – not the ideal situation for the wife or the husband. They often had to coordinate schedules for almost any activity – golfing, grocery shopping, or visiting friends – but did so with an eye towards retirement savings. After reviewing their current expenses, it became apparent they had done such a great job budgeting throughout the years that they could easily afford an additional car and still be in great shape for retirement. This was welcome news to both the husband and the wife, as it meant more freedom and flexibility. If you find yourself in this situation, you should not necessarily go on a spending spree, but may find you can afford purchases that will significantly increase your current standard of living.

Finally, your current lifestyle will also be a predictor on how much money you will need in retirement to sustain your lifestyle. Most, if not all, people do not want to reach retirement and suddenly realize they must significantly downgrade their lifestyle in order to survive financially. When examining your currently lifestyle, we recommend forecasting ahead to figure out what level of spending is actually sustainable.

Plan for the Unexpected

While you cannot plan everything, be mindful that certain unexpected expenses will occur as you grow older. Healthcare costs, for example, can make up a large portion of a retiree's spending, with one source estimating total health care costs around \$250,000 for a retired, healthy couple, post-retirement.² This number can grow exponentially if a person becomes sick, requires long-term care, or suffers from significant injury. The difficulty in estimating health care expenses is that any number of events may significantly

impact the total expenditures, but quality health insurance can usually help defray these costs.

Aside from health care costs, providing financial assistance to loved ones may also occur suddenly and unexpectedly. Many parents, for example, want to help children with the purchase of their first home, while others may help put grandchildren through school. While a nice gesture, you should avoid this type of financial assistance if it jeopardizes your own financial security. If possible, project ahead to realistically assess whether you may find yourself in this situation and plan accordingly.

Home improvements and repairs are another category of expenses that are often unplanned and may consume unexpected amounts of your retirement fund. Commonly, these are improvements or repairs done as a result of normal wear-and-tear to a home over time, but can be important to maintain or increase the home's value. Other times, natural disasters and hazards can cause immediate damage. For example, the recent floods in Louisiana affected thousands of homes, causing new concerns for those planning for retirement having to fund those repairs. Even in Michigan, where we are relatively protected from most natural disasters, there is still the possibility that a winter characterized by record snowfall can swiftly cause damage to a home's structure and aesthetic value.

With all of these scenarios, the best course of action is to plan for the worst - plan for the unexpected. If it turns out the funds are not actually needed, you will be able to put that money to good use in retirement through travel or other leisurely activities.

Stick with the Plan

Many times, couples will deviate from a great retirement plan, opting to make large

purchases when approaching retirement. These paramount purchases have the ability to completely derail a retirement plan that the couple has been working towards for decades. Not all purchases fit into this category, but the majority of large purchases do.

Staying true to a retirement plan undoubtedly requires self-discipline. If you anticipate large purchases prior to retirement, be sure to incorporate those purchases into the planning stage. Some people find it helpful to create a small budget for these types of purchases during the initial planning stages, which might be a good idea for those who have excess income.

Help With Your Retirement Plan

Investment Counsel wants to work with its clients throughout each step of the retirement process. We believe that a good retirement plan is a continual process and one that can be checked and reevaluated at any point in time. Building off our strong client relationships, we are able to create a portfolio that is personal to each client with an eye towards creating the ideal retirement – as defined by the client. We also work with each client to determine the sustainability of his or her lifestyle into retirement and advise on large purchases that may hinder retirement plans.

On top of our existing services, we are also happy to offer a detailed retirement plan for each existing client or an acquaintance of an existing client who might benefit from the service. With a tailored plan for retirement, and honest checks and balances, we feel that people can avoid having to scramble and “plan” during retirement. ■

¹<http://time.com/money/4258451/retirement-savings-survey/>

²<http://money.cnn.com/2015/12/30/retirement/retirement-health-care-costs/>

INVESTMENT COUNSEL NEWS

Inside the Office



We are excited to announce that we have opened a Chicago office in order to better serve our clients. Scott will be working out of the Chicago location, which will be used primarily for providing service to Illinois-based clients.

Outside the Office



Chris and wife, Barbara, enjoyed Labor Day weekend in Michigan's Upper Peninsula including a visit to Pictured Rocks.