TPE TIMES

A comprehensive, holistic guide to financial wellness.

Q2 | 2020

How to Achieve the Highest Quality of Life in Retirement

Today's retirees are finding that retirement requires at least as much psychological and emotional preparation as it does financial preparation. So, retirement planning needs to include a thorough assessment of human assets and liabilities along with an assessment of financial assets and liabilities. It is no longer enough for retirees to know how much money they will need to live; they need to know how they will be able to make the most of this new life stage.

By focusing primarily on financial issues, traditional planning reduces retirement to an economic event with its financial objectives marked by a finish line. The dangerous misconception it perpetuates is that, if you hit the finish line, on time and on goal, your planning is done and you'll have a successful retirement. While it may address the financial goal of creating a sufficient standard of living, it doesn't address the larger, more important issue of the quality of life.

There is clear evidence that shows the majority of retirees who try to step completely away from the action eventually grow despondent, while those who stay engaged and productive, are happier in all aspects of their lives. Many people find the sudden loss of interaction to be especially difficult, and are saddened and disoriented by being separated from "the tribe".

The prevailing attitude among a growing number of pre-retirees is that they aren't going to limit themselves by trading a life of work for a life of leisure; rather they are going to take control and trade in work that they no longer want to do, for work they will really like to do, and for many of them that "work" comes in the form of volunteerism.

Why Volunteerism?

The great Norman Vincent Peale said, "The more you lose yourself in something bigger than yourself, the more energy you will have." Who among us doesn't seek purpose in our lives – something that goes beyond our own material needs? Living for a higher purpose is a reason to get up in the morning, to contribute to the world in a way that derives immense satisfaction. It's where we find our passion, and it's the legacy we leave behind. When we have something greater that drives us, life is better, more exciting and much more gratifying.

For many retirees, volunteering offers them the first opportunity to match their knowledge, skills, values and beliefs with a worthwhile endeavor and a way to give back to the community. Whether it's tutoring a high school student in math, training seniors in new skills, being a docent

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Spring is the season of new beginnings. It can be your new beginning as well! Get to know your financial health and how to improve it. Developing this knowledge increases available life opportunities such as home ownership, higher education, and a secure retirement. 'Spring' into a more sound financial future with The Participant Effect SM!!

Ready to buy a home?

The Participant Effect℠ is holding a feature Webinar specifically geared towards home buying! We have invited subject matter expert Greg Whiteside to join us to give us a presentation on Home Buying. Greg is a local independent mortgage broker and he is here to walk us through the ins and outs of buying a home. Learn everything you'll need to know before, during and after you buy a home. Come ask your questions and become a smart home buyer!

Join us on April 16th at 10:00AM EST

https://www.theparticipanteffect.com/webinar

Term Life or Whole Life Insurance – Which is Right for You?

The decision to buy life insurance is one of the most important that we can make in our financial lives. It requires careful consideration of our needs, concerns and priorities. When the decision is finally made it brings a sense of relief and comfort to most, until they begin the agonizing process of deciding which kind of life insurance to buy. The choices are many, and the process can be daunting, however, it is made easier when you have at least a basic understanding of the difference between term life and whole life.

At their core, term and whole life are two very different ways to insure your life, with one being temporary coverage and the other being a more permanent form of life insurance. Term is, essentially, a death benefit for which you pay a premium to cover the cost of insurance. The term period can be anywhere from one year to 30 years, after which the coverage ends. A whole life policy is a combination of the death benefit and a savings component, so the premium consists of both insurance costs and savings. The savings can be used for any purpose, such as retirement, or they can be applied to the premium. As long as the premium is paid each year, a whole life policy is never terminated.

Term Life Essentials

Term life insurance is an inexpensive way to buy life insurance because you are simply paying for the cost of the death benefit. The premium rates are determined by mortality tables which reflect the fact that the cost of insurance goes up as you get older. Depending on the type of term policy, your premium could increase each year, or, it can be leveled over the course of the term period.

Yearly Renewable Term (YRT): The most basic form of term is a yearly renewable term which pegs your premium to your increasing mortality costs. Each year, your premium will increase while your death benefit remains level. This policy is ideal for people with tight budgets who expect their cash flow to improve over time. While it is possible to renew your coverage each year for as long as you pay the premium, it can eventually become prohibitively expensive to own.

Level Term: This form of term provides a level death benefit and the premiums are leveled out for the term period. While, the premiums start out higher than a YRT policy, the remain fixed so that, at the end of period of time, they can be lower than a YRT policy held for the same length of time. This policy is best for older people who want to budget for the life insurance expenditures.

Whole Life Essentials

The death benefit of a whole life policy is also level and so are the premiums. The difference is that the premiums are calculated based on a projected amount of savings to be accumulated over a period of time. As your savings grow, the amount for which the life insurer is at risk decreases, so your insurance costs may actually decrease over time which is how it is able to level your premium.

While your initial premium can be much higher with a whole life policy, your net cost of insurance over a long period of time is usually lower than a term policy. And, because many whole life policies also pay a dividend, which is a form of profit-sharing with the policyholders, the dividends can be used to reduce, and, ultimately pay for your premium which lowers your net cost of ownership even further. Also, your savings, also known as cash value, accumulates tax deferred and can be used to supplement retirement expenses.

Whole life can be more cost effective for people who recognize that their need for life insurance is more than just temporary and will likely continue in their later years.

Which is Right for You?

Whether a person selects a term or a whole life policy will come down to several

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Don't Miss Our Q2 Webinar! June 10th at 10AM EST 'Long-Term Care Planning'

It's good news that people are living longer, but a long life span increases the chance of developing serious health problems. This isn't meant to scare you, but rather to remind you that the need for long-term care can happen to anyone at any time. The need to be prepared is real, and something that you shouldn't ignore. We'll discuss those needs in this presentation.

Looking for Low Sugar Fuits?

Keeping your sugar in check can sometimes be hard when you love fruit! Here are some low-sugar fruits to choose when you are having a craving for fruit! **Strawberries** - only about 8 grams (g) of sugar in eight medium-sized strawberries. **Peaches** - a medium sized peach only contains around 13 g of sugar. **Blackberries** - Like strawberries, these berries also contain between 4 and 5 g of sugar per 100 g. It is interesting to note that blueberries contain around double the amount of sugar as blackberries. Not many people would pick up a **lemon** or **lime** to eat as a snack. However, with no more than 2 g of sugar per fruit and high levels of vitamin C, these are a great addition to a person's diet. **Honeydew melon** - a slice of honeydew melon contains around 11 grams of digestible sugar. **Oranges** - A medium-sized orange has around 14 g of digestible sugar. **Grapefruit** - Half a medium-sized grapefruit contains around 11 g of sugar. **Avocados** - Avocados are almost sugar-free. They are also a good source of healthful fats and fiber.

Steak Fries

Nom
Nom
Nom

Ingredients

Cooking spray
4 medium Yukon Gold potatoes (about 2 pounds total)
1 teaspoon smoked paprika
1/2 teaspoon garlic powder
1/2 teaspoon onion powder
1/2 teaspoon kosher salt, plus more for seasoning
3 tablespoons olive oil

Directions:

Arrange a rack in the middle of the oven and heat to 400°F. Coat a rimmed baking sheet with cooking spray; set aside. Rinse and dry the potatoes. Cut the potatoes lengthwise into 1/2-inch-thick wedges, then cut the wedges in half crosswise if they are long. Place the potatoes in a large bowl. Add the paprika, garlic powder, onion powder and salt, and toss to coat the potatoes. Add the oil and toss to coat again. Spread the potatoes in an even layer on the prepared baking sheet. Roast for 20 minutes. Use a thin, flat spatula to flip the potatoes. Roast again until the potatoes are tender and golden-brown, 15 to 20 minutes more. Sprinkle with additional salt before serving if desired.

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for a local museum, providing executive-level experience to charitable organizations, or offering back-office skills to a non-profit group, many of our retired clients are discovering how the "butterfly effect" of their contributions creates an expanding circle of value throughout their communities.

It's all about Quality of Life

You may have even witnessed, first hand, the remarkable transformation in people who have seized this opportunity to reinvent themselves by learning new skills, starting new charitable ventures, forging new relationships while nourishing existing ones. They will probably tell you they have never received greater fulfillment and have never enjoyed themselves more in their lives.

Consider yourself very fortunate.

You have valuable knowledge and skills. You have a unique ability that drives your passion. But, most of all, you have the rare opportunity to improve your quality of life while making a difference in a way that will not only benefit you and your family, but your community as well.

By shifting your retirement focus from your standard of living to your quality of life, you will more likely achieve those things in life that will have a more enduring impact on your health and well-being. Quality, not quantity is the goal. Retirement is a time to harvest fulfillment, not to create more demands. It is also a time for regeneration which can only occur through a deliberately planned transition that incorporates your own needs, wants and values. For that, there are no rules; only your vision and a plan.

How to Save for a House

It's the biggest purchase most people ever make, and with good planning and some preparation, it can be a solid financial move.

If you don't already own a home, the idea of affording one can seem daunting. And with the national median house price expected to top $270,000 in 2020, just saving for the down payment can be a challenge. But it's one you can meet with a good plan and some discipline.

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Term Life or Whole Life Insurance – Which is Right for You? CONTINUED FROM PG2

factors, including the purpose of the coverage, how long the coverage is needed, the age of the insured, as well as budget and health considerations. Because these factors tend to change over time, it's not unusual for people to make several life insurance purchase decisions throughout their lifetimes. And, it is also not unusual for people to own some combination of both term and whole life.

When Term is the Right Choice

- You have a need for a large death benefit.
- Your need for life insurance is for a specific period of time (i.e., until your children are fully grown).
- You have limited current cash flow.
- You are older and have budget constraints.

When Whole Life is the Right Choice

- You expect to have a need for life insurance well into the future (i.e., providing for the long-term financial security of a non-working spouse or a special needs child, business protection, estate protection).
- You want to own life insurance for the long term on a more cost-effective basis, and your current cash flow can support it.
- You are concerned about protecting your insurability for future life insurance needs.

When choosing from among term or whole life, all factors need to be carefully considered. While the idea of a low initial premium may seem appealing, the cost of insurance can go up dramatically if, later in life, you find that you still have a need for life insurance. If, after your term life policy expires, you need to buy additional insurance, you run the very real risk of not being able to qualify if your health becomes an issue. At a minimum your premium costs could be much higher if your policy is rated for medical reasons.

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please call or e-mail us at:
1-888-968-9168
wellness@theparticipanteffect.com

How to Save for a House

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While there are various ways to buy a home with less than 20% down payment, many experts don't recommend doing so. You may be required by your lender to take out Private Mortgage Insurance (PMI) to ensure that they get paid back if you default on your loan. On an average home loan, that 20% down payment equals $54,000. Since the average household has about $8,800 in savings, that's a big gap to bridge.

Begin planning before you buy — several years before, if possible. Start by researching neighborhoods to find ones you like that are in your price range. Check statistics that can indicate greater stability: Crime rates, turnover, school performance and activity of religious and charitable organizations. Educate yourself about the home buying process. Real estate agents are generally anxious to sell you a house immediately, but find one who's willing to share what they know about neighborhoods, values and trends. Don't let them talk you into buying a "bargain" fixer-upper either unless you have some serious DIY expertise. Getting trapped in a broken house with problems you didn't anticipate — after spending your savings on a down payment — can be a nightmare.

This is also the time to start saving. You're probably not going to scrounge up $54,000 in a year, but look at your budget and see how much you can save each month. Some financial experts recommend the 50/30/20 rule: Spend half your take-home pay on essentials such as housing, transportation and food. Allocate 30% on things you "want" but don't need — an occasional night out or vacation. Then save 20%. If your take-home pay is $3,000 a month, that would put $600 a month into savings. Not considering any interest earned, you'd have your down payment in seven and a half years. Reverse the rule — save 30% and spend 20% — and you'd cut that to five years. Here are some ways to reach that 30%, or more:

- Earmark yearly income tax refunds for the down payment fund. The average refund is about $3,000. Do that four years in a row in conjunction with your $900 monthly savings, and you'll be close to your goal.
- Cut expenses. Do you really need that supermax cable TV package? Can you delay buying new cars? Do you have to have a Hazelnut Mocha Coconut Milk Macchiato each and every morning? That alone could save $100 a month.
- Reevaluate all of the recurring online purchases in your household. You may be surprised by the number of "vampire" charges — such as $3 for cloud storage or $10 for a streaming service — lurking on your credit cards.

Make a point to talk about your plans with your financial advisor. They can help you with tips, savings advice and maybe some ideas you haven't already thought of to reach your goal — and you just might be having that housewarming party sooner than you think!

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