

# THE EDUCATED INVESTOR

## A Guide to Retirement Planning



### FEATURED ARTICLE

## How Inflation Threatens Retirees

*Its effect is subtle, yet significant.*

In retirement, you face a quiet financial threat. Over time, inflation may erode your purchasing power.

**Even mild inflation eventually reduces the value of a dollar.** If consumer prices rise just 2% a year for the next 25 years, \$50,000 will buy the equivalent of \$30,477 by the end of 2041. Or to put it another way, a car that costs

\$50,000 today will cost \$82,030 by then. If inflation approaches levels seen before the Great Recession, there will be more to worry about: after 10 years of 5% inflation, it would take \$163 to buy the groceries \$100 could today.<sup>1,2</sup>

**Extremely conservative investments may not yield enough to keep pace with inflation.** If you favor such investments, you may effectively end up “living on less” as your buying power dwindles. In recent years, some costs have risen much faster than the inflation rate, such as prescription drug prices and the expense of a college education.





**This is why growth investing matters in retirement.** While investors commonly want less risk in their portfolios as they age, accepting some risk (and staying invested in equities) may be necessary. In a good year, equities may post much greater returns than fixed-income investments. Social Security income merely increases in proportion to inflation; it keeps pace with it, but never outruns it.

If you want to maintain your quality of life in retirement, investing to beat inflation may be essential.

#### Sources/Disclosures:

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

This information is not intended to be a substitute for individualized legal advice. Please consult your legal advisor regarding your specific situation.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

1 - [fidelity.com/viewpoints/retirement/retirement-income-strategies](https://www.fidelity.com/viewpoints/retirement/retirement-income-strategies) [4/6/16]

2 - [ing.com/Newsroom/All-news/Features/Feature/What-is...-inflation.htm](https://www.ing.com/Newsroom/All-news/Features/Feature/What-is...-inflation.htm) [9/26/16]

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## Is Long-Term Care Insurance a Good Idea?

There is a good possibility that you or your spouse will eventually require some form of long-term care (LTC). According to the Centers for Medicare & Medicaid Services, at least 70% of people aged 65 or older will require some form of long-term care services and support during their lives.<sup>1</sup>

Whether you or your spouse will be among this group is impossible to predict. But it is wise to consider how you might pay for long-term care and whether long-term care insurance is a good idea for you.



### Cost of Care

Perhaps the first consideration is determining the potential cost of long-term care. Below is a summary of current costs according to the Genworth 2017 Cost of Care Survey.

### Median Costs in the United States:<sup>1</sup>

- \$235/day for a semi-private room in a nursing home
- \$267/day for a private room in a nursing home
- \$3,750/month for care in an assisted living facility (for a one-bedroom unit)
- \$135/day for a home health aide
- \$131/day for homemaker/companion services



With health care costs rising every year, these expenses can be expected to grow substantially over time. Furthermore, neither Medicare nor Medicare supplemental coverage, also known as Medigap insurance, typically cover long-term care. Medicaid will cover a large share of such services but only if you meet stringent financial and functional criteria. What's more, most employer-sponsored or private health insurance plans follow the same general rules as Medicare. Therefore, most people who need long-term care must pay for some or all of it on their own.

## Cost of Insurance

Like life insurance, long-term care insurance policy premiums largely depend on your age and health. If you take out a policy when you are young, you can expect to pay comparatively low premiums during the life of the plan, while starting a new policy when you are older will entail significantly higher monthly premiums.

Most long-term care policies sold today are federally tax qualified, which means the premiums paid and out-of-pocket expenses for long-term care may be applied to the medical expense deduction of the federal tax code. (For tax year 2018, seniors may deduct the portion of medical and dental expenses that exceed 7.5% of adjusted gross income.) Additionally, long-term care benefits received are not taxed as income up to certain limits. Consult with a tax advisor to learn more about the tax implications of long-term care insurance.

## Coverage

Long-term care policies are complex and vary widely. But in general, long-term care insurance typically covers the following:

- Nursing home care
- Adult day care
- Visiting nurses
- Assisted living
- In-home assistance with daily activities

LTC includes a range of nursing, social, and rehabilitative services for people who need ongoing assistance due to a chronic illness or disability. LTC insurance can be used by anyone at any age who suffers an accident or debilitating illness, but it most frequently is used by older adults who need assistance with essential physical needs, such as bathing, dressing, or eating.



## Other Considerations

Deciding whether to purchase long-term care insurance will depend on your personal situation. You may want to consider your family health history, your level of assets to potentially pay for long-term care, and your feelings about relying on family members for support. Probing these and other individual circumstance can help you make a well-informed decision.

Source/Disclaimer:

1Source: Genworth, 2017 Cost of Care Survey, 2017.

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#### Sources:

<https://www.peakkia.com/labor-day-closing/>

**LABOR DAY**

## HISTORY LESSON

September 5, 1882

On this date the first observance of Labor Day was held in the U.S. when 10,000 workers took unpaid leave and marched through New York City

**OREGON:**  
first state to make Labor Day a holiday in 1887

## NOW AND THEN: OUR JOBS

### WHO WE'RE CELEBRATING

**155.6 million**  
Number of people 16 and over in the nation's labor force in May 2013

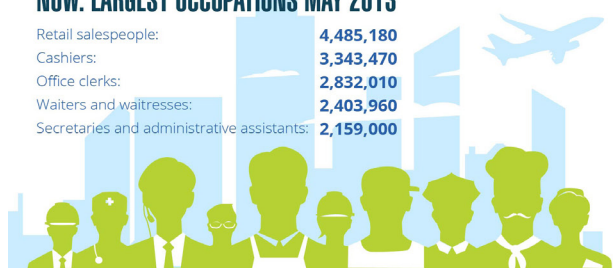
### THEN: LARGEST OCCUPATIONS 1910

Farmers:	6,132,000
Farm laborers, wageworkers:	2,832,000
Laborers, manufacturing:	1,487,000
Salesman and sales clerks:	1,454,000
Housekeepers:	1,338,000



### NOW: LARGEST OCCUPATIONS MAY 2013

Retail salespeople:	4,485,180
Cashiers:	3,343,470
Office clerks:	2,832,010
Waiters and waitresses:	2,403,960
Secretaries and administrative assistants:	2,159,000



### EMPLOYMENT FIGURES

<b>1.8%</b>	Percentage increase in employment (2.3 million) in the U.S. between December 2012 and December 2013
<b>286 out of 334</b>	Number of large counties in the U.S. where employment increased.
<b>34.5 hours</b>	Average workweek for all U.S. employees on private nonfarm payrolls

### WHO'S ADDING JOBS?

<b>Leisure and hospitality:</b>	<b>375,000</b>	
<b>Retail trade:</b>	<b>298,000</b>	
<b>Construction:</b>	<b>211,000</b>	
<b>Social assistance:</b>	<b>110,000</b>	
<b>Professional and business services:</b>	<b>47,000</b>	

### FAST GROWING JOBS

<b>526,800</b>	<b>49%</b>
Projected increase from 2012 to 2022 of the number of registered nurses in the U.S., more than any other occupation.	Projected percentage growth from 2012 to 2022 in the number of personal care aids, much faster than the average for all occupations.

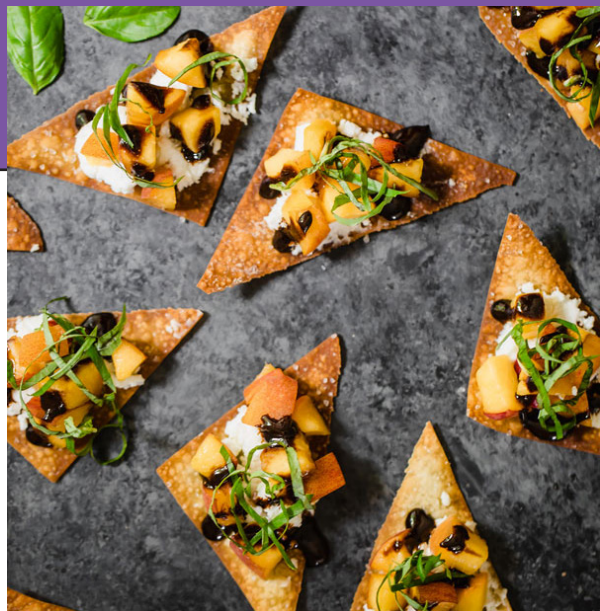
### #COMMUTINGPROBLEMS

<b>19.8 million</b>	Number of commuters who left for work between 7 and 7:29am in 2012, the most common time for all commuters.	<b>76.3 %</b>	Percentage of workers 16 and over who drove alone to work in 2012
<b>5.9 million</b>	Number of commuters who left for work between midnight and 4:59am	<b>25.7 minutes</b>	The average time it took workers in the U.S. to commute to work in 2012.
<b>4.4%</b>	Percentage of workers 16 and over who worked from home in 2012	<b>32 minutes</b>	Average commute time in Maryland and New York, the highest in the U.S.



<https://www.capify.com/labor-day-facts-figures/>

# Peach, Goat Cheese & Basil Wonton Bites



## INGREDIENTS:

18 Nasoya Won Ton Wraps, cut in half diagonally  
2 medium yellow peaches, diced  
4 ounces goat cheese log  
8 basil leaves, julienned  
Nonstick cooking spray  
Sea salt  
For the balsamic reduction:  
¾ cup balsamic vinegar  
1 tablespoon coconut sugar (any sugar will work)

## INSTRUCTIONS:

Preheat oven to 350 degrees F.

1. While your oven preheats, place wonton wrapper halves evenly on a baking tray, spray with nonstick cooking spray and sprinkle with sea salt. Bake for 7-8 minutes or until golden brown.
2. Next make your balsamic reduction: Add balsamic vinegar and sugar to a small saucepan and place over medium high heat. Bring mixture to a boil, then reduce to medium low and simmer for 15-20 minutes, stirring every so often until the balsamic vinegar turns into a thick syrup like consistency.
3. Once your balsamic has been reduced by half (or to a syrup like consistency), remove from heat and set aside.  
Note: if the mixture hardens up after removing from heat, just reheat it over a low heat.
4. After your wonton wrappers have cooled, spread each triangle with about ½ tablespoon of goat cheese and add about 1 tablespoon of diced peaches.
5. Drizzle with your balsamic reduction then garnish with basil ribbons. Serve immediately.

Sources: <https://www.ambitiouskitchen.com/peach-goat-cheese-basil-wonton-bites/>  
<https://www.produceforkids.com/whats-in-season-for-september/>

## What's in Season for September?



**Mushrooms**

Avocados  
Bananas  
Beets  
Bell peppers  
Blueberries  
Bok Choy  
Broccoli  
Brussels Sprouts  
Carrots  
Cauliflower



**Apples**

Celery  
Corn  
Eggplant  
Grapes  
Green Beans  
Greens  
Leeks  
Lemons/Limes  
Mango  
Melons



**Raspberries**

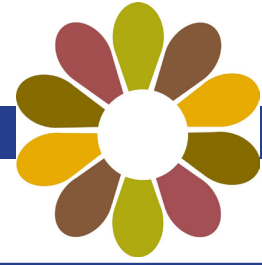
Okra  
Papaya  
Pears  
Pomegranates  
Potatoes  
Pumpkin  
Strawberries  
Sweet Onions  
Sweet Potatoes  
Tomatoes

**SERVINGS:** 9, 4 wonton triangles  
per person.

**TIME:** 15 minutes



# The Sudoku Section



7		6		8	4			
			3			7		
1	3			9			8	4
					1	5		6
		8						
			6					
8						1	7	
6							9	5
		7			9		3	

8	3	9	6	1	4	7	5	2
5	6	4	8	2	7	3	1	9
2	7	1	3	6	5	4	9	8
9	2	8	7	5	9	1	4	3
7	1	3	2	4	6	8	9	5
9	4	5	1	3	8	2	7	6
4	8	2	9	6	7	5	3	1
1	9	7	5	2	3	6	8	4
3	5	6	4	8	1	9	2	7

*The answers*



[www.printmysudoku.com](http://www.printmysudoku.com)