The Truth About How Your Money Really Works

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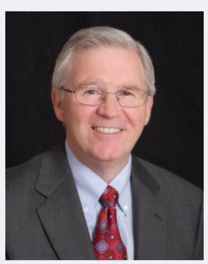

Gary Pevey

Dear Gary,

July 2017

What Can We Learn From Amelia Earhart?

July 24 is Amelia Earhart's birthday. Ms. Earhart loved flying and was always up for a challenge. She is remembered for being the first woman to fly great distances and heights never before flown.

Between the ages of 20 and 40 Amelia Earhart set at least 5 new flight records by increasing the distances and or heights (and dangers) of previous voyages, and surpassing the milestones already reached by herself or others.

Her story reminds me of investors in the stock market. It becomes a challenge, an adrenaline rush each time the market hits a new high. As a young person, the potential losses are worth the risks because one is able to recover, and in most cases there is no need to dip into the account for living expenses. The loss is only a paper loss.

However, as we move from accumulation to distribution and may need to rely on withdrawals from these accounts, losses

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become a major stumbling block to our future planning.
At this point in time, it may be time to leave the risks and challenges and seek a safer haven for a portion of our funds.

There is more to be gained by avoiding losses than picking apparent winners. We won't know they are winners until the funds are put to use.

Out of the Box Thinking on a Very Popular Subject - Money

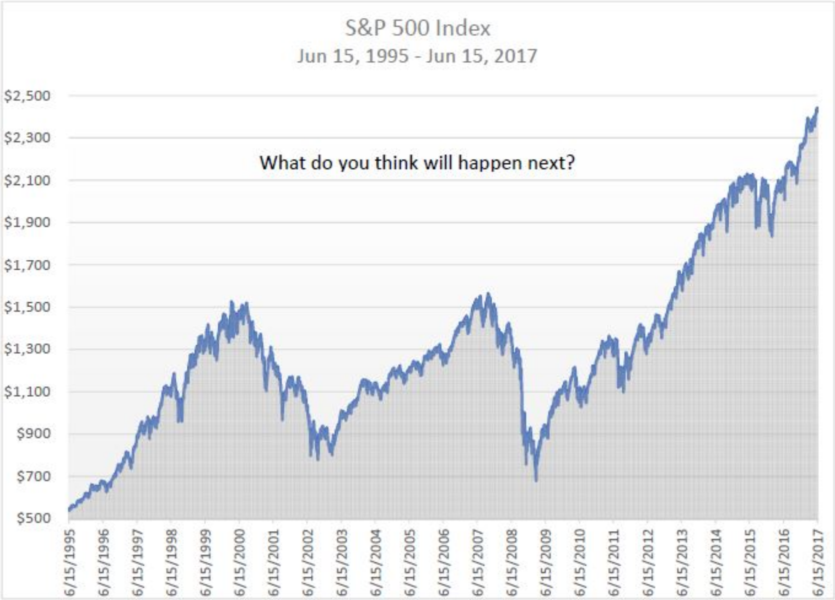
1. Living to 100? Are you kidding? It might happen to you. Today in the United States, according to US Census Bureau Population, people 100 and over represent the second fastest growing population. The fastest? People over 85. Many 65-year-olds will live well into their 90's. Are you in good health and like controlling your fate? Do you think you might live a long life? This may be a good time to talk with your Advisor about transferring the longevity risk of your money to an insurance company.

2. Are you thinking about contributing to a Roth IRA? It is important to know the rules. You must have compensation from a job or self-employment to contribute to a Roth IRA. Eligible individuals can contribute a maximum of $5,000 for 2017. You can contribute another $1,000 if you are over 50 years old. Other restrictions may apply. Check with your accountant and he or she will give you the skinny on the details.

3. Going on Medicare anytime within the next 9 months? Here is a checklist to get you started.

- Visit the Social Security Administration website or call 1-800-772-1213 to confirm your eligibility for Medicare benefits.
- If you currently have health insurance, evaluate your coverage to learn what happens after you turn 65.
- Learn more about protecting yourself from the 20% of expenses and other costs Original Medicare doesn't cover with a Medicare Supplement Insurance (Medigap) plan.

4. When will the bull market end its run? The bull market is entering its 9th year -the second longest in history. No one knows for certain when there will be a correction, but we do know that it will happen. If you have a hunk of money in the market, and it is your intent to use the money for your current or near future lifestyle, then it's important to take a portion of it and put it into financial instruments that work under all conditions, good and bad markets. It is important to have predictable income and cash flow for your essential expenses. This will keep you from draining your monies from an asset that has decreased in value, accelerating the potential for loss of capital.



5. The Life Insurance industry plays an important part in our American economy.

$5.6 trillion is invested in the U.S. economy.
$286 billion is invested in commercial mortgages.
$1.5 billion is paid daily to policyholders.
75 million American families count on life insurance products

Source: Lifehealthpro.com, 11 important facts about the life insurance industry (5/15/15)

6. Annuities - One of the misconceptions about annuities is they are complicated and difficult to understand. The truth is, the concept of annuities is straightforward. The insurance company, in exchange for a payment or premium, will provide a series of income payments. An annuity can help provide protection against the risk of living too long and running out of money. Annuities offer protection of client's principal, tax deferral, guaranteed lifetime income and estate advantages. AllianzLife just surpassed receiving over $100 Billion in premium. There are a lot of Americans taking advantage of the benefits Annuities provide.

7. Be careful about taking advice from someone who claims they have all the answers. A well known consultant who mentors other consultants on how to run their practices recently wrote, "An insurance professional will always tout the benefits of investing in large insurance policies, although it's almost always the worst investment you can make, short of swamp land." Nothing could be further from the truth. The best permanent life policies are the ones with the highest premiums because they provide the most benefits, including a reasonable rate of return, and access to cash. A well-designed plan gives you permission to spend all of your other assets in retirement, including both principal and interest, without the fear of running out of cash. The death benefit replenishes the fund, or the cash value can be used for living expenses.

8. It is important to get the most out of your benefits from Social Security for the rest of your life. The Bipartisan Act of 2015 put the kibosh on the popular file-and-suspend strategy, but there are still ways to maximize your benefits. Married workers born before 1954 can still claim spousal benefits at age 66 and earn delayed retirement credits. Remember, Social Security employees cannot give advice as to when you should take benefits. They can advise you on your specific situation if you ask specific questions. It is important to work with a Social Security consultant that will help develop your most effective strategy.

9. Are you on Medicare? Want to know about your Medicare claims and your plan design. Go to MyMedicare.gov to get the answers for the following:

MyMedicare.gov
The Official U.S. Government Site for Medicare

- Check coverage,
- View claims,
- Set Explanation of Benefits delivery preferences
- Locate providers that accept assignment
- Change drug coverage during open enrollment, etc.

You should find this website very useful. You will need to answer a couple of questions and establish a user id and password.

10. Do you consider yourself wealthy? The IRS reported in 2014 that 10% of wage earners in America had an adjusted gross income of at least $133,445. This portion of the population also paid over 70% of the federal income taxes collected. Many people do not consider this to be a lot of income, but according to government standards, it is uncommonly high. Are you taking an uncommon approach to your money if you are in this bracket?

Source: First Benefits Group 2017

Sincerely,

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