

# MONTHLY NEWSLETTER

---

www.steelpeakwealth.com

Published: Monthly

Edition: October 2018

## 5 Retirement Concerns Too Often Overlooked

*Baby boomers entering their “second acts” should think about these matters.*



### CONTENTS

*5 Retirement Concerns*

*Rising Consumer Prices*

*Quote of the Month:*

*Life is 10% what happens to you and  
90% how you react to it.*

-Charles R. Swindoll

**Retirement is undeniably a major life and financial transition.** Even so, baby boomers can run the risk of growing nonchalant about some of the financial challenges that retirement poses, for not all are immediately obvious. In looking forward to their “second acts,” boomers may overlook a few matters that a thorough retirement strategy needs to address.

**RMDs.** The Internal Revenue Service directs seniors to withdraw money from qualified retirement accounts after age 70½. This class of accounts includes traditional IRAs and employer-sponsored retirement plans. These drawdowns are officially termed Required Minimum Distributions (RMDs).<sup>1</sup>

**Taxes.** Speaking of RMDs, the income from an RMD is fully taxable and cannot be rolled over into a Roth IRA. The income is certainly a plus, but it may also send a

retiree into a higher income tax bracket for the year.<sup>1</sup>

Retirement does not necessarily imply reduced taxes. While people may earn less in retirement than they once did, many forms of income are taxable: RMDs; investment income and dividends; most pensions; even a portion of Social Security income depending on a taxpayer's total income and filing status. Of course, once a mortgage is paid off, a retiree loses the chance to take the significant mortgage interest deduction.<sup>2</sup>

**Health care costs.** Those who retire in reasonably good health may not be inclined to think about health care crises, but they could occur sooner rather than later – and they could be costly. As *Forbes* notes, five esteemed economists recently published a white paper called *The Lifetime Medical Spending of Retirees*; their analysis found that between age 70 and death, the average American senior pays \$122,000 for medical care, much of it from personal savings. Five percent of this demographic contends with out-of-pocket medical bills exceeding \$300,000. Medicines? The “donut hole” in Medicare still exists, and annually, there are retirees who pay thousands of dollars of their own money for needed drugs.<sup>3,4</sup>

**Eldercare needs.** Those who live longer or face health complications will probably need some long-term care. According to a study from the Department of Health and Human Services, the average American who turned 65 in 2015 could end up paying \$138,000 in total long-term care costs. Long-term care insurance is expensive, though, and can be difficult to obtain.<sup>5</sup>

One other end-of-life expense many retirees overlook: funeral and burial costs. Pre-planning to address this expense may help surviving spouses and children.

**Rising consumer prices.** Since 1968, consumer inflation has averaged around 4% a year. Does that sound bearable? At a glance, maybe it does. Over time, however, 4% inflation can really do some damage to purchasing power. In 20 years, continued 4% inflation would make today's dollar worth \$0.46. Retirees would be wise to invest in a way that gives them the potential to keep up with increasing consumer costs.<sup>4</sup>

**As part of your preparation for retirement, give these matters some thought.** Enjoy the here and now, but recognize the potential for these factors to impact your financial future.

## Important Consumer Disclosure

Steel Peak Wealth Management, LLC (“Steel Peak”) is an SEC registered investment adviser with its principal place of business in Woodland Hills, California. Steel Peak and its representatives are in compliance with the current registration requirements imposed upon registered investment advisers by those states in which Steel Peak maintains clients. Steel Peak may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. This newsletter is limited to the dissemination of general information pertaining to its investment advisory/management services. Any subsequent, direct communication by Steel Peak with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Steel Peak, please contact Steel Peak or refer to the Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

This newsletter is provided for informational and educational purposes only and contains information that is not suitable for everyone. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Additionally, this article contains information derived from third party sources. Although we believe these third-party sources to be reliable, we make no representations as to the accuracy or completeness of any information prepared by any unaffiliated third party incorporated herein and take no responsibility therefore. This article should not be regarded as a complete analysis of the subjects discussed. All information and expressions of opinion reflect the judgment of the authors as of the date of publication and are subject to change without prior notice.

Steel Peak is not licensed to and does not engage in the practice of rendering legal or tax advice. Any discussion of either is for informational purposes only and you are strongly encouraged to seek appropriate counsel prior to acting. The information contained herein should not be construed as personalized financial or investment advice. We are not licensed to and do not engage in the practice of rendering legal or tax advice. Any discussion of either is for informational purposes only. We strongly encourage our clients to seek appropriate counsel prior to acting.

Steel Peak Wealth Management has selected Charles Schwab & Co., Inc and TD Ameritrade, Inc., as primary custodians for our clients’ accounts. Schwab Advisor Services and TD Ameritrade Institutional serve independent investment advisory firms like ours which includes the custody, trading and support services of Charles Schwab & Co., Inc. and TD Ameritrade, Inc. As a registered broker-dealer and a member of the Securities Investor Protection Corporation (SIPC), Charles Schwab and TD Ameritrade are subject to certain regulations intended to protect assets held in brokerage accounts maintained at Charles Schwab and TD Ameritrade. Steel Peak is not affiliated with Charles Schwab or TD Ameritrade.

For additional information about Steel Peak, including fees and services, send for our disclosure statement as set forth on Form ADV from Steel Peak using the contact information herein. Please read the disclosure statement carefully before you invest or send money.

This message contains confidential information and is intended for the recipient. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. Email transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of any email transmission sent or received. If verification is required, please request a hard-copy version.

## Citations.

1 - [thebalance.com/required-minimum-distributions-2388780](http://thebalance.com/required-minimum-distributions-2388780) [6/3/18]

2 - [kiplinger.com/slideshow/taxes/To64-So03-how-10-types-of-retirement-income-get-taxed/index.html](http://kiplinger.com/slideshow/taxes/To64-So03-how-10-types-of-retirement-income-get-taxed/index.html) [3/27/18]

3 - [forbes.com/sites/nextavenue/2018/06/28/the-truth-about-health-care-costs-in-retirement/](http://forbes.com/sites/nextavenue/2018/06/28/the-truth-about-health-care-costs-in-retirement/) [6/28/18]

4 - [mdmag.com/physicians-money-digest/practice-management/four-big-retirement-threats-and-how-to-protect-yourself](http://mdmag.com/physicians-money-digest/practice-management/four-big-retirement-threats-and-how-to-protect-yourself) [8/2/18]

5 - [money.usnews.com/money/personal-finance/saving-and-budgeting/articles/2018-04-13/6-ways-to-pay-for-long-term-care-if-you-cant-afford-insurance](http://money.usnews.com/money/personal-finance/saving-and-budgeting/articles/2018-04-13/6-ways-to-pay-for-long-term-care-if-you-cant-afford-insurance) [4/13/18]