

Retirement In Sight

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES
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QUOTE OF THE MONTH

“Any great work of art ... revives and readapts time and space, and the measure of its success is the extent to which it makes you an inhabitant of that world — the extent to which it invites you in and lets you breathe its strange, special air.”

LEONARD BERNSTEIN

GENERATING RETIREMENT INCOME

Each day, more than 10,000 Americans celebrate their 65th birthday. It's a milestone, and for some, it signifies the beginning of retirement. Your friends, family, and coworkers may know you're planning to retire. Some might even ask “When's the big day?” If you have concerns about maintaining retirement income, you may not know whether you're ready.¹

While it's ideal to have targets in mind when creating your retirement strategy, there is always the possibility for the unforeseen. If you believe you might come up short, there are some choices for closing the gap.

Waiting to retire is another direction and an increasingly popular one. If you can continue at your current job for a few years, those are years where you aren't spending retirement income, which may allow you to continue accumulating money in your retirement accounts or other investments. Your work life doesn't need to continue at the same pace, either. You might shift to part time with your employer. There's also the option to pursue a part-time job in another line of work, perhaps something that lets you follow your passions or pursue an interest.

There's also delaying Social Security. The longer you wait, the more you stand to collect. In fact, if your strategy includes some combination of personal investments, working longer, and collecting Social Security later, that gap in retirement income may be smaller. Naturally, this all depends on your specific needs and desires. However, as you strategize retirement spending, it's always good to consider your choices.¹

RENTING IN RETIREMENT?

What are the things you expect out of retirement? When you think of the many aspirations that you hold for your post-work life, which are the most important to you? Does home ownership figure prominently in your strategy, or is it relatively unimportant to you?

A recent report from Harvard's Joint Center of Housing Studies states that 80% of households with a member 65 or older own their home. That indicates that many people in the traditional retirement years have prioritized ownership. However, a web service for renters called RENTCafé has analyzed government data and discovered that the number of renters 60 and older saw a 40% rise during the years 2007-2017, with even larger boosts in some larger cities.²

Why the rise? There are several reasons, and not all of them may be immediately obvious. For one, just because you own your home, it doesn't necessarily mean that you're ready to handle the cost of ongoing home maintenance. Putting a new roof on your house can be costly, and plumbers aren't exactly inexpensive. For some retirees, these costs may be overwhelming, so figuring home maintenance into your retirement strategy could prove advantageous.

Your own health could be a factor as well. A sudden illness or injury might make life in your home more difficult, necessitating a move.

The good news is that were you to transition from home ownership to renting, there is a \$250,000 exclusion for capital gains on a home you've lived in for two of the previous five years (\$500,000 for married couples filing jointly). That exclusion has the potential to cushion your transition significantly, should it become necessary or desirable. Either way, it's good to take this into consideration as you strategize for retirement.²

ON THE BRIGHT SIDE

This year's average FICO score is at an all-time high: 706. This surpasses the previous high of 704 set in 2018. Ten years ago, the average score sank to a low of 686.³

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CITATIONS.

1 - forbes.com/sites/markavallone/2019/09/28/the-most-reliable-ways-to-generate-retirement-income/ [9/28/19]

2 - finance.yahoo.com/news/3-reasons-why-renting-smarter-150935459.html [9/30/19]

3 - inman.com/2019/09/11/average-fico-scores-hit-all-time-high/ [9/11/19]