



Are You Still on Target for a Secure Retirement?

If you've been paying attention to the experts, you dutifully have set aside and invested money to provide income during your retirement years. With those savings earmarked for retirement, and what you can expect to receive from Social Security, pensions, and other sources, you figure to be in good shape. But is it enough?

The conventional wisdom is that you need to replace somewhere

between 70% and 80% of your pre-retirement income in order to live comfortably during retirement. However, life expectancies are continuing to increase. For instance, a

woman who expects to retire in 20 years at age 67—the current age for receiving full Social Security benefits—now has a life expectancy of more than 20 years after retirement. Your savings may have to last through much of a third decade of retirement.

Fear not. If you haven't retired yet, there's still time to take action. Here are five practical suggestions to consider:

1. Set your primary target. It helps to have a goal to shoot for and establishing this number may help you save more money. Every situation is different, so conduct an in-depth analysis of what your target should be. For instance, if you determine that you'll need to replace 75% of your pre-retirement income to create a reasonably secure cushion,

continue to use that benchmark to gauge your savings. We can assist you in this analysis if you'd like.

2. Boost plan contributions.

Typically, you'll be eligible to participate in an employer-sponsored retirement plan, such as a 401(k). The beauty of the deal is that the deferrals reduce current tax liability while they compound without any tax erosion inside your account. It might hurt short-

term, but try to contribute as close to the maximum amount as you can, especially as you near retirement. For 2020, you can defer up to \$19,500 to a 401(k) or \$26,000 if you are age 50 or over.

Take full advantage of matching contributions from your employer to bulk up your account even more.

3. Rely on a Roth IRA. If your 401(k) or other employer-sponsored plan isn't enough to get you where you need to go, you can supplement retirement savings with IRA contributions. The maximum contribution for 2020 is \$6,000 or \$7,000 if you're age 50 or over. Depending on your circumstances, you might utilize a Roth IRA, whose future payouts will be exempt from income tax. As part of your overall strategy, you could decide to convert funds in traditional IRAs into a Roth IRA. You'll pay current income taxes on the amount you convert, but you

(Continued on page 4)

Taking Socially Responsible Investing to the Next Level

Socially responsible investing has come a long way over the past decade. It used to be viewed as a way for relatively small numbers of investors to divest themselves of stocks in industries whose practices they opposed. Tobacco, alcohol, and gambling companies were common targets. Now this approach has broadened its appeal, often with a focus on environmental, social, and governance (ESG) policies of companies. And these days, screening tools for socially responsible funds tend to be as much about finding companies with positive records as about excluding those with objectionable qualities.

As interest has grown, there has been an enormous expansion in the number and variety of mutual funds and exchange traded funds (ETFs) across the spectrum of what is now often called impact investing.

And whereas old-style socially responsible investing often meant sacrificing returns, these days many such funds perform as well or better than the overall market, helped by the same kinds of analysis that applies to other kinds of investments.

That's not to say ESG investments have some magical formula. Investors run the same risks as they do with other equities, and there are no guarantees against losses, especially in a declining market.

Consider all aspects to find the investment mix suitable for your situation. If you would like to learn more about FSA's SRI portfolios, do not hesitate reach out to us.

Stay safe and healthy!

Jim Joseph, CFP®
President

Confronting Mortality's Details

The Covid pandemic is causing families unimaginable suffering, worry, and grief. It is forcing many individuals to confront mortality, to consider, in very real terms, perhaps for the first time, what will happen when their life comes to an end. Here are summaries of the documents that govern what happens to you at the end of your life.

A health care power of attorney and living will name someone to make medical decisions if you're unable to express your wishes and contain instructions about end-of-life care. This is understandably top-of-mind for a lot of people now.

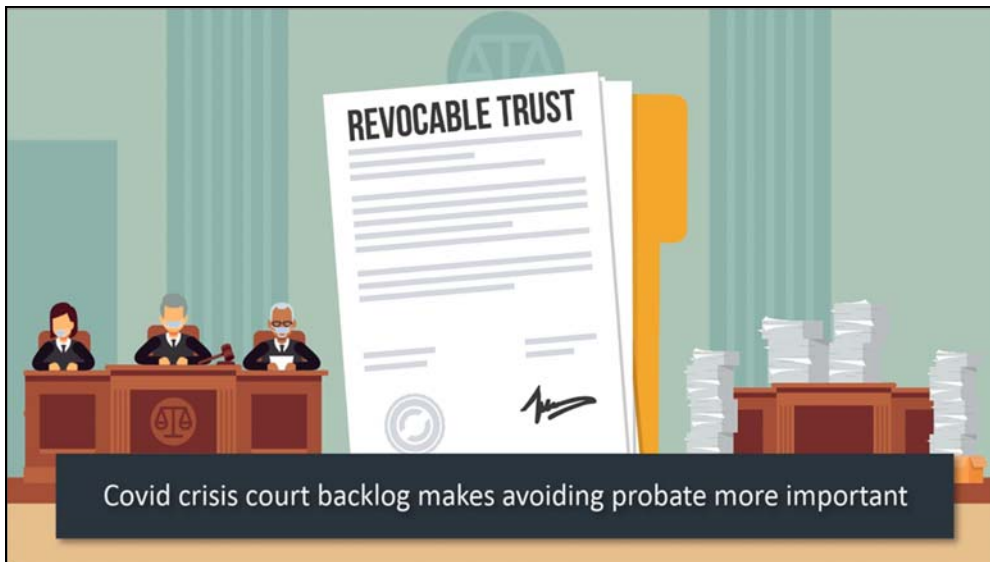
A durable power of attorney (POA) permits someone else to manage financial and other matters while you're alive. The POA empowers someone you appoint to pay bills, write checks, or sell and purchase assets on your behalf should you become incapacitated.

Your last will and testament provides the details which take effect at your death for distributing your property. It should be reviewed annually so that the trustee, executor, and guardians of minor children you have appointed still conform to your current wishes. It's best to speak with whomever you're appointing about

your wishes so that they're aware of your intentions.

A revocable trust can also provide for the disposition of your property after you die while avoiding the probate court process. Because courts across the country were shuttered for a time, they must now deal with a surge in filings due to the pandemic. In times like these, it's advantageous to have a revocable trust to avoid probate court delays. Setting up a revocable trust requires changing the titling of bank and brokerage accounts, real estate, and other assets, and may require signing documents with a witness or notary present, which is now complicated due to social distancing. Fortunately, remote signings can be properly executed via an online meeting such as Zoom.

Finally, and most importantly, you will want to be certain that the beneficiary designations on both your retirement plans and your life insurance policies are up to date as circumstances change over time. As financial advisors, creating these estate documents is beyond our scope, but we can refer you to experienced attorneys so they can be properly integrated into your financial plan. ●



Three Easy Ways to Increase Your Chance of Financial Success

Changing your financial behavior can be an important step in determining your long-term financial success. Here are three simple activities that can help.

Automate. Infrequent interventions, such as budgeting once a year, are less likely to bring success than more automatic actions that occur quarterly or monthly. Enrolling in a salary reduction plan which takes money from each paycheck and goes into your qualified retirement plan illustrates the

difference between decisions that require your recurring action versus those that are automated. What else might you automate to increase your

savings or make sure you pay your bills? Examples include reading our newsletter, watching our Technical Tuesdays and Video Market Update

videos, or even signing up for a class about tax and investment planning. The easier you make it to become educated about a topic you might not otherwise research regularly on your own, the more likely you are to seek out the knowledge you need to be more fully engaged in learning and find answers to the important questions.

(Continued on page 3)



COVID, the Fed And American Exceptionalism

The coronavirus financial crisis is being compared to the near collapse of the global financial system in 2008 and The Great Depression from 1929 to 1939, but there is one big difference this time: The Fed. The Federal Reserve Bank is using innovative new tools to contain the financial damage of the coronavirus epidemic.

crises, repeatedly deployed a technique called quantitative easing (QE). QE expanded the Fed's balance sheet to buy back U.S. Government bonds on the open market, thus lowering long-term interest rates.

Never before had the tactic been used by a central bank in a major economy. It worked, however, and QE was one of the reasons the U.S emerged

Under the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted March 27, 2020, the U.S. Government allocated \$454 billion to Federal Reserve Bank Special Purpose Vehicles that the central bank can leverage 10 to 1, thus enabling it to lend up to \$4.54 trillion to companies in financial distress.



In the financial crisis of 2008, the chairman of the Fed at the time, Ben Bernanke, an academic who had spent decades studying previous financial

successfully from The Great Recession of 2008 and 2009. The Fed's present response to the Coronavirus crisis is literally 10 times more powerful.

recovery following the global financial crisis of 2008, in part because of the Fed's innovative approach. And now, this most recent display of American ingenuity -- in the form of the Fed's new tools -- is at play once again in fighting the coronavirus-induced financial crisis.

In these frightening times, the Fed's new toolset is likely to become a mere footnote in history books that will be written about the pandemic in the decades ahead. Ever since Alexander Hamilton established the first U.S. central bank in 1791 to respond to the financial crisis that followed the Revolutionary War, the uniquely American central bank has enabled the progress of civilization through financial crises. The U.S. Government response to the coronavirus financial crisis is a shining example of what makes America exceptional among the nations of the world. ●

(Continued from page 2)

Write it up. Whenever you make a major financial decision, write yourself a note about your decision. By jotting down your analysis at the time you make a decision, you'll create an introspective record that, over the years, will help reveal successes and failures.

Increase self-awareness. Your financial personality can help or hinder your financial success, and you may be entirely unaware of it. Increasing self-awareness can help you avoid sabotaging yourself. The burgeoning social science of behavioral finance can help you learn about your financial personality traits. For example, would you rather receive

\$160 today or \$246 in 12 months? How about \$160 today or \$180 in 12 months? Your answer to a series of questions like this can reveal your predisposition toward deferring rewards now in favor of reaping financial benefits from a long-term plan. Similar questions can guide you in determining how likely you are to tolerate losses in bear markets, whether you are overconfident about your financial decision-making abilities, and offer hints of the amount of risk you can handle. Our clients tend to focus on having a smoother investing journey.

If you would like to talk about other steps you can take to ensure healthy financial behavior, please do not hesitate to contact us. ●

How a Financial Advisor Can Help

What are your hopes and dreams for the future? They probably begin with being able to provide for yourself and your family. But you also might aspire to a bigger home, an exotic vacation or another luxury, savings for your children's education, and a nest egg for retirement.

While you may be able to achieve all of those things, you can't just snap your fingers and make them happen. You'll need hard work and financial discipline, and you'll need to make a long-term commitment to work toward your goals. Enlisting the services of a financial advisor could help guide you along the way.

Of course, you still would be the one calling the shots, but an advisor can provide valuable assistance in many respects. An advisor can help you:

- Assess your current financial status, including your income, investments, assets, liabilities, insurance coverage, tax situation, and estate plan;
- Set goals that are both ambitious and reasonable;

- Account for changes in your personal circumstances (births, deaths, marriage, or divorce);
 - Address weaknesses in your current investment and retirement planning;
 - Develop a financial plan to suit your current needs and future desires.
- Couldn't you do all of this on your own? If you're sufficiently savvy

about financial matters you could, but few people have the time, expertise, and inclination to do all that's required. And even if you're determined to tackle your financial objectives by yourself, you could need a push to get you started. What's more, an objective third party such as a professional financial advisor may add a valuable new perspective to your own outlook. You might benefit from having someone review key decisions about your financial future.



Even if you don't feel you need the help of a financial planner now, something could happen to trigger a call for help. For instance, maybe you've inherited a large sum of money or property and you're not sure how to handle it. Perhaps you or your spouse have been laid off from a job and suddenly money is tight and you're forced to make financial trade-

offs. Or you may require assistance on other financial fronts ranging from elder-care planning to paying higher-than-expected college costs for your kids

or resolving a shortfall in your retirement savings.

If you know someone who could use a professional financial advisor that has experience with clients of all different ages, feel free to pass our contact information along. We are happy to help anyone in need! ●

A Secure Retirement

(Continued from page 1)

may minimize the tax damage by shifting the money into the Roth over several years.

4. Adjust your portfolio. Again, every situation is different, but it generally is recommended that you develop a diversified portfolio. Although there are no guarantees against a loss of principal, particularly in a declining market, diversification may minimize your exposure to the risk of losing money. FSA's portfolios are constructed with diversification in mind. Our investment team pays attention to all sectors around the world as we try to follow the money. When helping clients choose their investment strategies, we take into consideration

your age, risk tolerance, and personal needs. Of course we can always adjust clients' investment strategies as circumstances and needs change.

5. Stay on track. It's not enough simply to set a target and meet it for a short period of time. Retirement saving requires dedication and stick-to-itiveness. Maintain this as a top priority as you draw closer to the day you'll call it quits. Don't be seduced by temptations you really can't afford and really don't need. If you're suddenly able to splurge—perhaps you inherited a large sum or came into another unexpected windfall—you can treat yourself, but don't go overboard. The

extra money can feather your retirement nest.

Finally, keep in mind that targeting a comfortable retirement is an ongoing process. For instance, you may have to

adjust your portfolio to accommodate market fluctuations or raise or lower your 401(k) contributions if you start earning more or less in the future. Also, it's likely that



your retirement isn't your only financial goal—you also may want to help your children or grandchildren, for example, or support your philanthropic objectives. Just try to take a balanced approach and keep your eye on the prize(s). ●