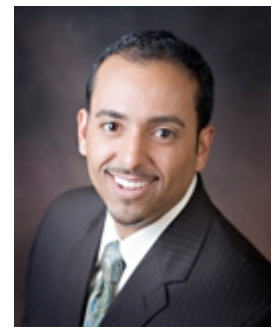


# Wise Money Newsletter

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*HELPING YOU GET TO AND THROUGH RETIREMENT...*



**DECEMBER 2013**

## **Interesting Facts**

-It cost 7 million dollars to build the Titanic and 200 million to make a film about it. Also, The Titanic was the very first ship to use the SOS signal.

-Famous Panama Hats produced in Ecuador, and The official language of Brazil is Portuguese.

-Did you know that Hair brush for camels is made of squirrel fur.

-Bats always turn left when exiting a cave.

-Roosters cannot crow if they cannot extend their necks.

***How does a 12% bonus, a 4% min. guarantee, tax deferred growth, a tax free death benefit and you can walk away/cancel the policy anytime sound? Call me to find out about this AMAZING policy through EquiTrust Life...***

## **Are You Ready To Roll...**

**Here's The Situation...** For 10 or more years you've been stuffing money into a qualified retirement plan, (401k, 403b, Etc.) and now you're ready to switch jobs, ready to retire, or maybe you're already retired... What do you do with the money that's in your current plan?

### **Well you have three basic options:**

- 1. You Can Leave the Money Where It Is** – The concerns with this option: You are required to move the money when you leave; You maybe giving up some control over how your money is being invested; or if you need money in the future, there may be problems gaining quick access to your money.
- 2. You Can Cash It In** – If you cash it in you'll have to pay taxes on the entire amount, and if you're under age 59 ½ there is a 10% early withdrawal penalty.
- 3. You Can Roll Over The Money Into An IRA** This is probably the smartest move for most people...If you roll this money into an IRA you can defer paying taxes on the money, and avoid the tax penalties if you are under age 59 ½.

An IRA is not really an investment, but rather a type of account set up by the IRS tax code. Your IRA can be funded with various investments inside the plan. When you roll your money into an IRA, you'll need to find the right investments to reach your retirement goals and needs.

### **What are some of the common vehicles?**

*...Continued on top of page 2*

## **Living Longer . . . but at What Cost?**

In 2013, the oldest of the 76 million baby boomers will turn 67, and thanks to medical advances and an overall better standard of living, they can expect to live longer than their parents or grandparents. While most people would agree that this is good news, longer life spans can create planning challenges when it comes to retirement and health care.

### **Numbers tell the story**

Statistics point to the emergence of a larger demographic of older Americans. According to the U.S. Census Bureau, there are currently 35 million Americans age 65 and older, and this number is projected to double by 2030. Also, the number of people living into their 80's and 90's is expected to increase Dramatically.

### **The retirement downfall!**

The reality of spending 2, 3 or even 4 decades in retirement, coupled with the decline of lifetime pensions, means that your retirement savings has never been more crucial. And since there's a risk that Social Security will provide reduced benefits down the road, you need to take smart steps now and plan ahead!

- *Examine your retirement needs*—What type of retirement do you envision? How much money will you need to fund that lifestyle?
- *Keep working*--If you expect to fall short in the savings department, consider delaying retirement, which will give you more time to accumulate funds and reduce the time period over which you'll need to draw against your retirement dollars. Or, consider working part time during retirement (a Gallup poll found that 76% of people plan to work after 65).

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### Simple Holiday Recipe...

#### Peanut Butter Swirl Bark

- Vegetable oil cooking spray
- 12 ounces bittersweet chocolate, chopped
- 4 ounces milk chocolate, chopped
- 1/4 cup creamy peanut butter

#### DIRECTIONS

Step 1 - Coat a 9-by-12 1/2-inch rimmed baking sheet with cooking spray, and line with parchment, leaving an overhang on ends. Melt bittersweet chocolate in a double boiler or a heatproof bowl set over a pan of simmering water, stirring. Pour into baking sheet, and spread in an even layer.

Step 2 -Melt milk chocolate with peanut butter in a double boiler or a heatproof bowl set over a pan of simmering water, stirring. Drizzle chocolate-peanut butter mixture over bittersweet chocolate, and swirl with a skewer. Refrigerate until firm, about 1 hour. Break into pieces.

**Have a Happy, Safe and Sweet Holiday Season.**

### Are You Ready To Roll...

**Mutual Funds** – You can use a mutual fund as the investment inside your IRA. However, you are investing in the market, and have the risk that if the market goes down, you could lose money.

**Bank Products** – CD's and Money Market Funds– While these investments offer you safety and liquidity, there is also the risk that you will have less buying power in the future. This is because you'll generally receive a low rate of return on your money, and worse, you could lose spending power due to inflation.

**Annuities**– There are 3 basic types of growth annuities – Fixed, Indexed and Variable.

**Fixed Annuity**– A Fixed Interest Rate Annuity, pays you a guaranteed fixed interest for a specific period of time. There is No risk of loss, and historically they have outperformed CDs and Money Market Accounts. However, it may not provide as much of a hedge against inflation. (4.5% - 4% (inflation) = 0.5%)

**Indexed Annuity**– These annuities have the ability to get stock market type returns, without the downside risk. (No Loss Of Money) Because they have the potential for higher returns, with safety and guarantees, they can create a better hedge against inflation, so your savings will not lose its spending power!

**Variable Annuities**– Variable annuities have sub accounts that are much like Mutual Funds. There is a risk of losing some of your money. However, with some of the new riders, for a fee, you can minimize those potential losses.

Annuities can offer you a safer and more secure retirement option - with rates of return that are better than most bank CDs, Savings Accounts or Money Market Funds. And, they can provide a hedge against inflation, while minimizing the risks to your investments. The principle drawback is there may be penalties for early withdrawals, and you could lose money. So, it is important to find the one that best suits your needs.

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### Living Longer . . . but at What Cost?

#### The health-care factor

Health care is the biggest expense you'll face in retirement. According to the Centers for Disease Control, approximately 80% of people age 65 and older have at least one chronic medical condition, and 50% have two or more. And the U.S. Department of Health and Human Services reports that people this age have a 40% chance of entering a nursing home for an average stay of approximately 2½ years.

Unfortunately, many employers are reducing retiree health coverage, and Medicare faces an even bleaker future than Social Security!

Here are some idea's you can use to protect your retirement savings:

- *Make sure you're covered*--You're generally not eligible for Medicare until age 65, so make sure you have health insurance if you're considering the possibility of early retirement.
- *Consider long-term care insurance*—A policy can help protect your assets from being consumed by the high costs of long-term care.
- *Maintain a healthy lifestyle*--A balanced diet and regular exercise can go a long way toward keeping you healthy. With a lot of planning and a little luck, you'll hopefully be able to enjoy your golden years to the fullest.

For more information, please contact our office today!