

Smart Money News and Facts You Should Know!

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Take a Shot at Keeping Your Resolutions

How are you doing with your New Year's Resolutions? Many of us have set goals for ourselves. Typical goals that people make and begin to break are: Lose weight. Exercise more. Be more responsive to the family. Change a specific behavior. Etc.

Gyms are the busiest in January and February, after the "New Year's rush," membership numbers become more consistent. Many make resolutions but few stick with them. Sometimes it seems the only resolution that works is resolving not to make one. Despite this, making goals is very important for success.

If you want a better chance of making goals stick, you might heed the advice of Roy F. Baumeister and John Tierney, authors of, *Willpower: Rediscovering the Greatest Human Strength*. The authors state, "First, remember that every exercise in mental self-control takes a physical toll." They then give the following example.

An experiment was conducted in which some lucky hungry kids were put in rooms by themselves and told to eat warm cookies if they wanted to. Other unlucky students were left alone in a room and told they could not eat the cookies that were there, but they could eat the radishes. The radish eaters used their willpower to not eat the cookies. Later, the radish eaters, having exhausted themselves by not eating cookies, were much less able to spend time on other tasks.

Willpower is diminished with use and replenished with rest. Resisting temptation costs willpower and so does controlling strong emotions or focusing on a mental task. So if you are tired, overworked and overwrought, you are in danger of breaking resolutions because you don't have any willpower left to keep them.

To keep your willpower strong, you may want to focus on a few goals at a time and make sure you are getting plenty of rest.

Hank's Thoughts ... Is the 4% Retirement Rule Still Valid?

When you sit down with your financial advisor and ask how much money you can take out of your retirement account each year and not run out of money before you die ... how does that conversation go?

For years, the so-called 4% rule provided the baseline from which advisors launched strategies for retirement account withdrawals. The rule is simple, well-trusted, and relatively unlikely to fail ... **or at least it used to be**. In today's low-interest rate environment, the strategies that worked for the past 20 years are simply not cutting it, meaning that advisors and clients must readjust their expectations to uncover alternative solutions for providing sustainable retirement income.

At least your money is protected in the bank. If you are withdrawing 4% of your account during retirement, your money would last at least 25 years in today's low interest rate environment. If your retirement money is in stocks and mutual funds, it is 100% at risk. If the market crashes like it did in 2000 and 2008 and you lose about 50% ... *how will this impact you?* If a 4% withdrawal was just enough, you will run out of money about 10 years sooner. There are a number of analysts predicting such a crash in 2013. History shows the market drops off significantly about every 7 years. Some analysts think it will be on the order of 1929 when the market fell 89%.

(Continued on page 2)

More Interesting Facts *you* Should Know!

Six Unique Stress Relievers...

There are many ways to help you control stress. Here are some unique methods...

1. **Sing.** Music is very therapeutic. Have you ever seen someone singing their hearts out in their cars during rush hour? These people are lacking in one thing... stress. So let loose and sing in the car, in the shower and even if you have an office of your own you can turn on Pandora or the radio and sing along to your favorite songs.
2. **Breathe deep.** Take a few minutes and count how long your inhale and exhale can be. Usually it will take a few deep inhales to warm your lungs up. Count each inhale and exhale, comfortably trying to beat the next. Breathing deep has instantaneous stress relieving powers.
3. **Engage in a soothing activity.** Crocheting, knitting, pottery making or art. Soothing activities, whether you are good or bad at them is stress relieving. Studies have shown that sitting and performing repetitive moments is calming and stabilizing for many people.
4. **Start a garden.** Even apartment-dwellers can do this. Inside in pots, on the patio, a small spot in the yard etc. Tending plants, fruits, vegetables, flowers and watching them grow; bloom or yield fruit is very rewarding.
5. **Play with an animal.** Dogs are man's best friend for a reason. They are always happy to see their owners and friends and have fun just spending time together. It's a form of social interaction with no pressure to meet anyone's expectations! Playing with a cat, dog or other animal helps with stress.
6. **Gaze at the stars.** There is something so soothing about just looking up at the stars. You can grab a blanket and go out on the lawn or to a park and look up. Finding different constellations or just gazing is very relaxing.

Try one or more of these six unique tips to help combat stress.

Hank's Thoughts (Continued from page 1)

A recent study by Morningstar's Investment Management Division came up with 2.8% as the magic number with 40% allocated to stocks and the rest in bonds and T-Bills. **Is this realistic?** Over the last 12 years the S&P has averaged about 1%, while most stocks and mutual funds did worse. Currently the bond market is another bubble ready to pop when the Government starts to raise interest rates. Today's stock market bubble was built based on baby boomers pouring money into the stock market. Based on today's economic environment and with baby boomers starting to pull their money out of the market to live ... ***what do you think the markets will do?*** Do you see the markets taking off and breaking through the 2000 and 2008 ceilings?

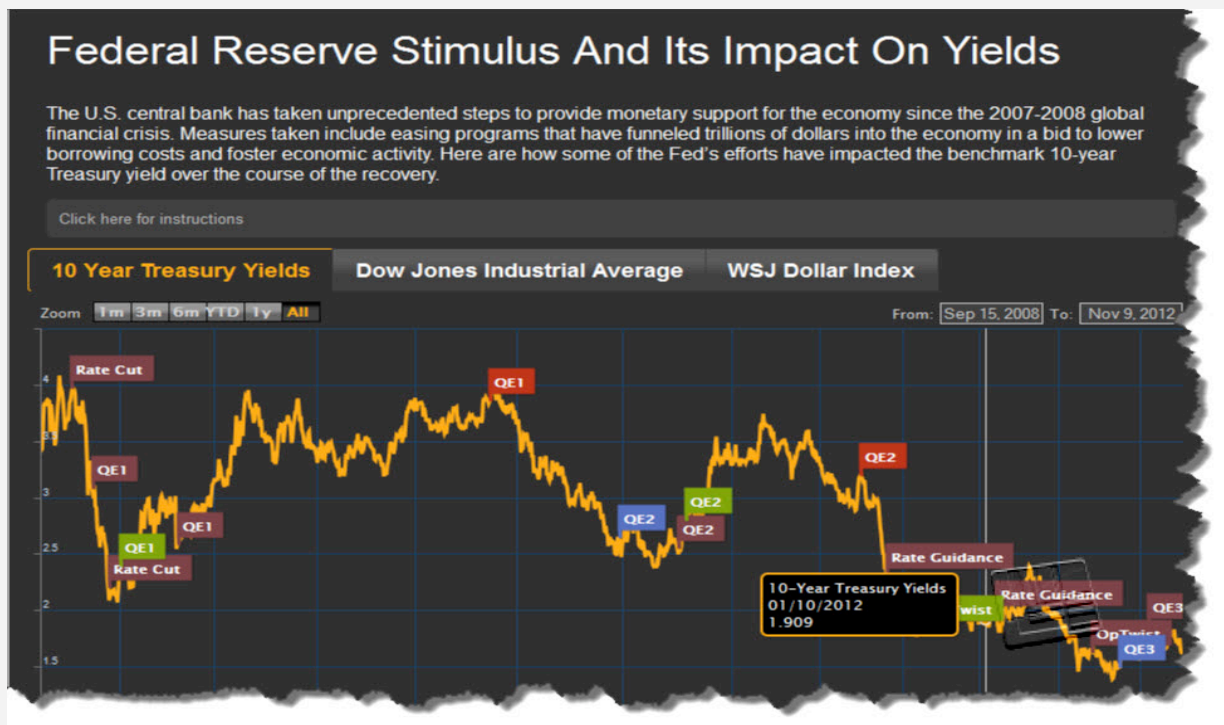
While the word "annuity" may be a dirty one for clients who have traditionally sought aggressive investment returns, the evidence cannot be ignored. New studies suggest that annuities are a competitive alternative to the newly old-fashioned 4% rule. For those clients unwilling to modify their retirement income planning strategy so dramatically, safe money advisors have discovered a new method for determining retirement withdrawal rates, inspired by the system used by the IRS itself.

Annuities protect your nest egg. Over the last 12 years they have provided average gains higher than banks or stocks/mutual funds ... with zero risk to your principal. When you want to withdraw an income stream to live on, your magic number can be more than 4% and guaranteed for as long as you live ... not just 20 to 30 years.

If you want to take some of your money off the Wall Street roller coaster and develop a stress free retirement, call my office to explore solutions.

This news is all about you...

Don't Trust Your Retirement to Gov't Bail Outs ...



Government Bail Outs And Their Impact on the Stock Market...

Take a look at the graph above. As you can see, it is usually best to avoid Washington and the Wall Street Casino. There are safer alternatives that are just as effective and efficient in building you a solid retirement to last your entire life. For more information, contact me for a free 101 plan blueprint.

Social Security and Medicare Update

The annual inflation adjustments have been made for the various social security amounts and thresholds. So, we thought it would be a good time to update you for 2013.

The social security wage base, for computing the social security tax (OASDI only), increases to \$113,700 in 2013, up from \$110,100 for 2012. The additional \$3,600 for 2013 represents an increase of 3.3% in the wage base. There is no taxable earnings limit for Medicare (HI only) contributions.

New for 2013, the 0.9% Medicare Surtax is imposed on wages and self-employment (SE) income in excess of the following modified adjusted gross income (MAGI) threshold amounts: \$250,000 for joint filers, \$125,000 for married separate filers, and \$200,000 for all other taxpayers. The employer portion of the tax is not increased. This new tax is a provision of the Patient Protection and Affordable Care Act.

(Continued on page 4)

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"I'll be removing your appendix and Dr. Otto will assist in removing a portion of your disposable income."

Social Security and Medicare Update (Continued)

For social security beneficiaries under the full retirement age, the annual exempt amount increases to \$15,120 in 2013 up from \$14,640 in 2012. These beneficiaries will be subject to a \$1 reduction in benefits for each \$2 they earn in excess of \$15,120 in 2013. However, in the year beneficiaries reach their full retirement age, earnings above a different annual exemption amount (\$40,080 in 2013, up from \$38,880 in 2012) are subject to \$1 reduction in benefits for each \$3 earned over this exempt amount. Social security benefits are not reduced by earned income beginning with the month the beneficiary reaches full benefit retirement age. But remember, social security benefits received may be subject to federal income tax.

Individuals may have to pay federal income taxes on up to 85% of their benefits. Inclusion within taxable income can occur if you have substantial income from wages, self-employment, interest, dividends, and other taxable income, in addition to your benefits. However, no one pays federal income tax on more than 85% of his or her benefits.

The Social Security Administration estimates the average retired worker will receive \$1,261 monthly in 2013. The average monthly benefit for an aged couple where both are receiving monthly benefits is \$2,048. These amounts reflect a 1.7% cost of living adjustment (COLA).

Thank You for Your Referrals

There's no question I have the BEST customers on the entire planet.

My business is built on word of mouth advertising and I'd like to thank those who were kind enough to recommend my services to their friends.

Although we focus on protecting and optimizing your retirement plan, I want to give a special THANK YOU to those who have recommended me to help your family and friends with their Medicare options.

There are 10,000 Baby Boomers turning 65 every day who are more confused about Medicare than their retirement plan. Because of its importance in your overall retirement picture, we want to help them cut through the smoke and make the right choice to protect the nest egg they have already earned!

Thank you soooo much!

Disclosure - Information provided in this article does not constitute legal, taxation, or investment advice.

Please check with a qualified tax advisor when making financial decisions

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