

# FINANCIAL FITNESS FOR SENIORS

**Presented by:** Joe Soricelli AIFA,  
Partner, Aging Issues Management.



# Agenda

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**Introduction – Joe Soricelli, Plan Consultant/Financial Advisor**

**Organize and Manage Daily Finances**

**Budgeting**

**Financial Literacy “Trust Me”**

**Internet Navigation**

**Scams “I Care A Lot”**

**Who Do You Call ?**



### Credentials.

- Over 35 years of Insurance, Investment and Planning experience.
- Professional Designations
- Registered Representative and Investment Advisor since 1985
- Experienced in all market conditions
- Developed a “Stages of Life Approach to Planning”
- Continually educating himself self to *Meet* and *Manage* the needs of his clients



# Personal Monthly Budget



<b>MONTHLY INCOME 1</b>	Income 1	
	Extra income	
	<b>Total monthly income</b>	

<b>MONTHLY INCOME 2</b>	Income 2	
	Extra income	
	<b>Total monthly income</b>	

<b>HOUSING</b>	Cost
Mortgage or rent	
Phone	
Electricity	
Gas	
Water and sewer	
Cable	
Waste removal	
Maintenance or repairs	
Supplies	
Other	
Other	
<b>Subtotals</b>	

<b>TRANSPORTATION</b>	Cost
Vehicle payment	
Bus/taxi fare	
Insurance	
Licensing	
Fuel	
Maintenance	
Other	
Other	
<b>Subtotals</b>	

<b>INSURANCE</b>	Cost
Home	
Health	
Life	
Other	
Other	
<b>Subtotals</b>	

<b>FOOD</b>	Cost
Groceries	
Dining out	
Other	
Other	
<b>Subtotals</b>	

<b>PETS</b>	Cost
Food	
Medical	
Grooming/Toys	
Other	
Other	
<b>Subtotals</b>	

<b>PERSONAL CARE</b>	Cost
Medical	
Hair/nails	
Clothing	
Dry cleaning	
Health club	
Organization dues or fees	
Other	
Other	
<b>Subtotals</b>	

<b>ENTERTAINMENT</b>	Cost
Video/DVD	
CDs	
Movies	
Concerts	
Sporting events	
Live theater	
Other	
Other	
<b>Subtotals</b>	

<b>LOANS</b>	Cost
Personal	
Student	
Credit card	
Credit card	
Credit card	
Other	
Other	
<b>Subtotals</b>	

<b>TAXES</b>	Cost
Federal	
State	
Local	
Other	
Other	
<b>Subtotals</b>	

<b>SAVINGS OR INVESTMENTS</b>	Cost
Retirement account	
Investment account	
Other	
Other	
<b>Subtotals</b>	

<b>GIFTS AND DONATIONS</b>	Cost
Charity 1	
Charity 2	
Charity 3	
Other	
Other	
<b>Subtotals</b>	

<b>LEGAL</b>	Cost
Attorney	
Payments on lien or judgment	
Other	
Other	
<b>Subtotals</b>	
<b>TOTAL Cost</b>	

# The Basics of Investing

## Mutual Funds

- Your money is pooled with those of many other investors
- Invest in a mix of stock, bond and cash investments
- Professionally managed
- Typical offering in most workplace retirement savings plans
- Offer diversification opportunities by investing in different industries, sectors, foreign geographies, market indexes and other categories
- Investment objective can match up with your investment strategy and goals, along with your risk tolerance and investment time horizon.



# A Sensible Strategy: Asset Allocation

- § What is it?
- § Why is it important?
- § Diagnostic tools
- § Diversification
- § Choosing your investment mix

# What is Asset Allocation?

It's the process of dividing your investment dollars into various types of investments

“Don't put all your eggs in one basket”

## Why is it important?

- May help you pursue your investment goals
- May allow you to maximize return potential while managing risk

# WHAT KIND OF INVESTOR ARE YOU?

## Finding Your Balance

Creating an investment mix is how you decide to allocate, or divide, your assets or investment dollars. This guide introduces you to three basic ingredients of any investment mix, helps you understand your feelings about risk, and enables you to review a sample investment mix based on your personal investor profile.

When making your investment decisions, you should consider the three factors below:

- **Your risk tolerance** – the amount of risk you can accept in order to obtain the returns you want.
- **Your time horizon** – the amount of time your money remains invested.
- **Your investment goal** – the amount of money you need to save to make your retirement dream a reality.

The risk tolerance quiz that follows helps you gain a general understanding of your feelings about risk. By determining your risk tolerance level, and considering how long you have to invest, you can begin to create your own personal investment mix.

## Answer the following questions:

1. **How many years do you have until retirement?**
  - a. Less than five. (1 point)
  - b. Five to ten. (2 points)
  - c. More than ten. (3 points)
2. **When it comes to making investment decisions, which of the following best describes you?**
  - a. Not very knowledgeable. (1 point)
  - b. Very knowledgeable. (3 points)
  - c. Somewhat knowledgeable. (2 points)
3. **Are you willing to take on more risk in exchange for potentially higher rates of return?**
  - a. Yes. (3 points)
  - b. No. (1 point)
  - c. Not sure. (2 points)
4. **When making investment decisions, which of the following best describes your philosophy?**
  - a. I worry about losing my money and lean toward having a more conservative investment mix. (1 point)
  - b. I would not hesitate to take on higher risk because I know it's the only way to achieve potentially higher returns. (3 points)
  - c. I believe in taking my time and investigating all my options before making a decision. (2 points)

### 5. Which of the following best describes your current attitude toward investing for retirement?

- a. I would like the opportunity for my retirement savings to grow, but am only comfortable with a medium amount of risk. (2 points)
- b. I tend to worry that the value of my retirement savings will go down. (1 point)
- c. I would like the opportunity for my retirement savings to grow as much as possible, and am willing to take on higher risk for potentially higher returns. (3 points)

Total Your Points Here \_\_\_\_\_

## SCORING SYSTEM

**5 – 7: Conservative.** You are an investor who seeks stability and safety for your money. Remember, not having enough money when you retire is a big risk too. Keep in mind your time horizon and the impact inflation can have on your investments.

**8 – 9: Moderate.** You want your money to grow but are more concerned about protecting it. You are cautious but may be willing to diversify to spread out some of your risk, depending on your time horizon.

**10 – 11: Moderate Growth.** You like to balance lower-risk investments with higher-risk investments. Evaluate your situation at least annually to make sure that this balance contains the right mix of lower-risk and higher-risk investments for your situation.

**12 – 13 Growth.** You want to increase your savings and are somewhat comfortable riding the ups and downs of the stock market in exchange for the possibility of higher returns over the long term.

**14 – 15 Aggressive Growth.** You want to maximize the long-term growth of your retirement savings. You are comfortable taking substantial investment risk in exchange for potentially higher returns. Evaluate your situation at least annually, and modify your investment strategy as your situation changes.

Based on your score, you are

a(n) \_\_\_\_\_ Investor.

*(continued)*

# Choosing Your Investment Mix

Things to consider:

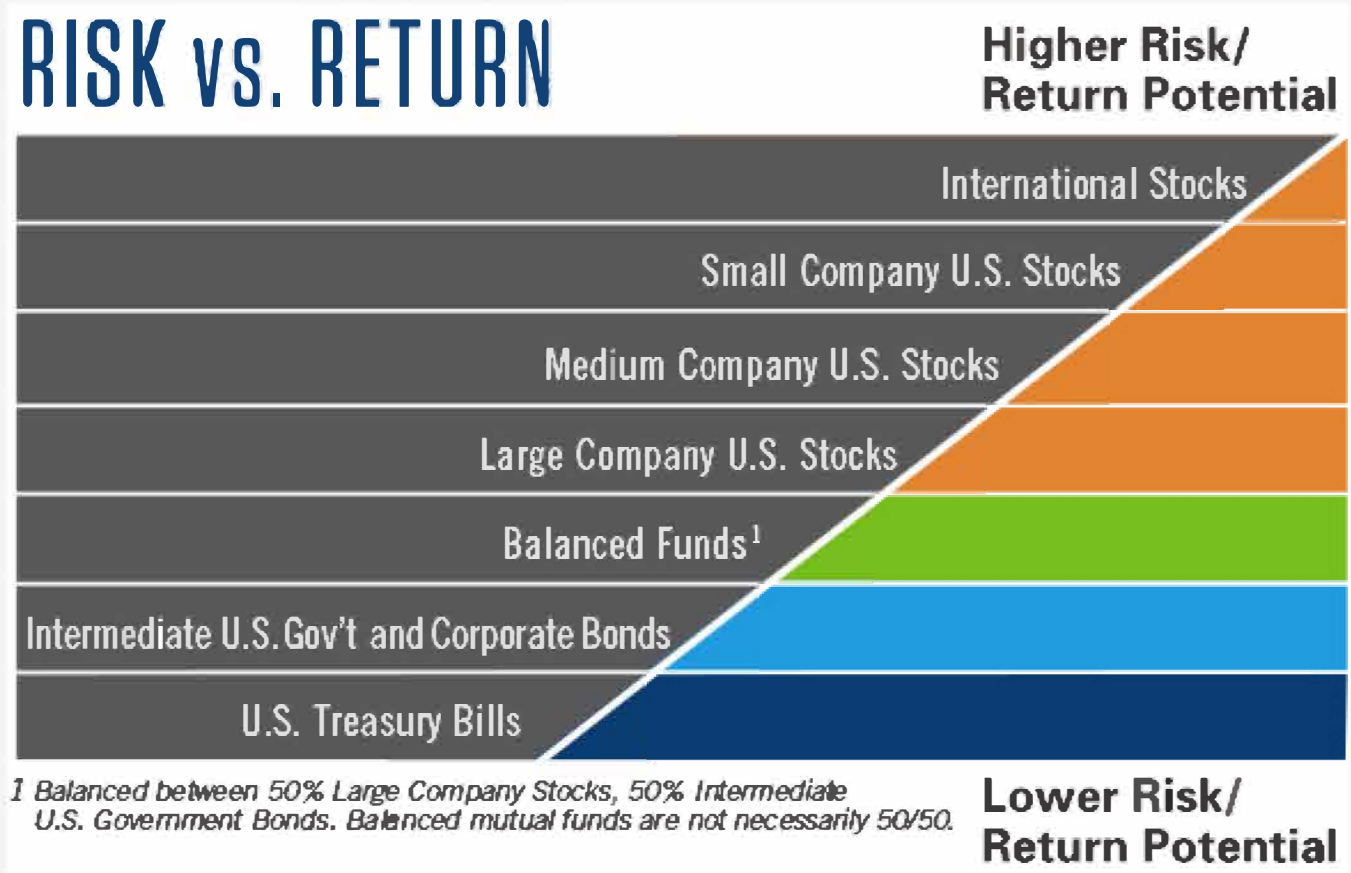
How do you feel about market risk?

What's Your Goals?

What's your Time Horizon?



# RISK vs. RETURN



# Choosing Your Investment Mix

Things to consider:

## How much will you need?

Many financial experts estimate that you will need between **75%–100%** of your preretirement income to maintain your standard of living when you quit working.



## Choosing Your Investment Mix

Things to consider:

### How long will my money last?

Living 20 years in retirement is a realistic expectation. A 65-year-old man can expect to live to **84**. A 65-year-old woman can expect to live to **86-1/2**.<sup>1</sup>



<sup>1</sup> Source: U.S. Department of Health and Human Services, 2020..

# Choosing Your Investment Mix

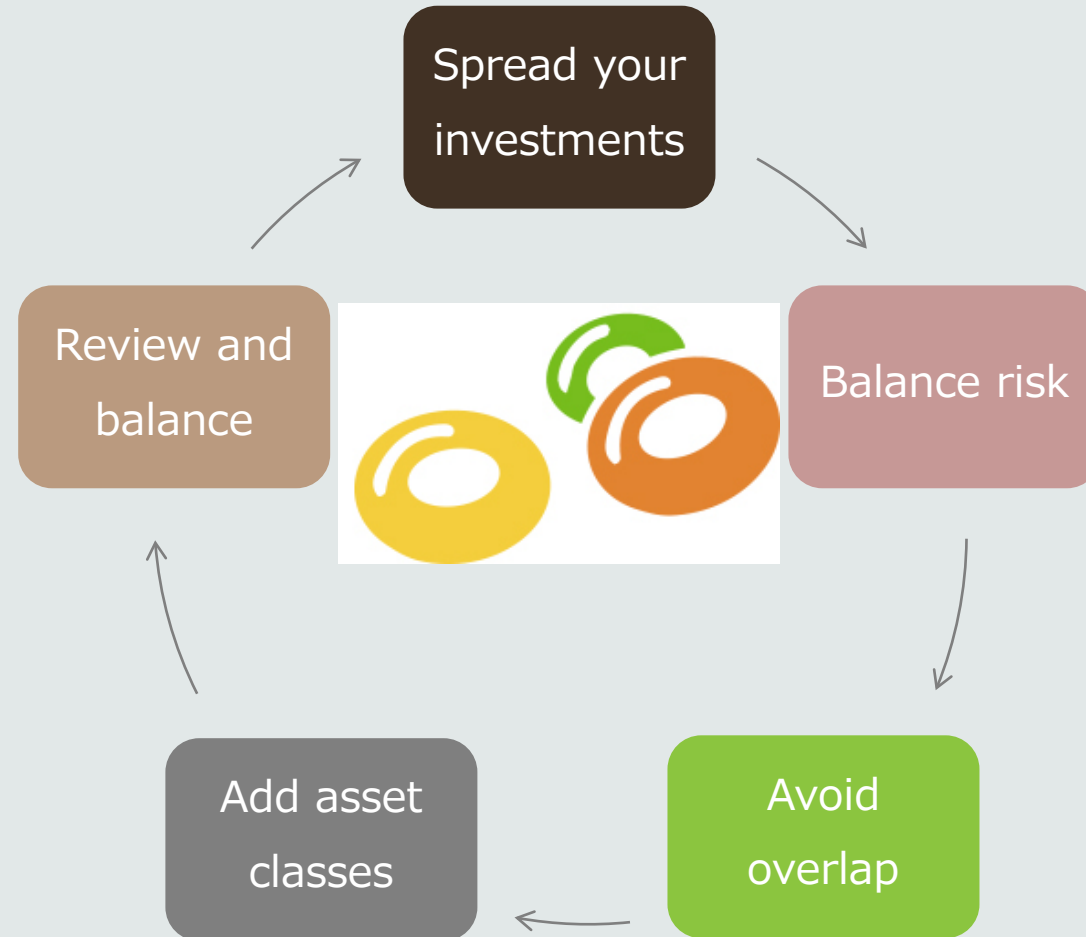
## Things to consider: Inflation

INFLATION'S IMPACT			
Item	1990	2020	2050
Gallon of milk	\$2.78	\$3.35	\$8.13
Postage stamp	\$.25	\$.55	\$1.33
Cup of coffee	\$1.45	\$2.70	\$6.55
Gallon of gas	\$1.16	\$2.24	\$5.44
Movie ticket	\$4.23	\$13.00	\$31.55
Mid-priced car	\$16,950	\$33,000	\$80,100

Sources: 1990 prices are based on Kmotion Research. 2020 prices are based on general averages. Projections for 2050 prices assume a 3% annual inflation rate.

# The Goals of Diversification

## It's a Process



# What Type of Investor Are You?

<b>“Do it Myself” Investor</b>	<b>“Do it For Me” Investor</b>
<ul style="list-style-type: none"><li>• Mix and match from your plan’s investments according to the criteria you’ve set for yourself</li><li>• A lifecycle fund can align with your level of comfort with risk, from conservative to aggressive</li><li>• Target date fund: a fund that invests according to and through a specific target date, such as your retirement</li></ul>	<ul style="list-style-type: none"><li>• For specified annual cost, assign the management of your account to a professional investment manager, who will select the funds for your account and manage your asset allocation for you</li></ul>



AGING  
ISSUES  
MANAGEMENT  
*Financial & Life Strategies*

REPORT PREPARED FOR

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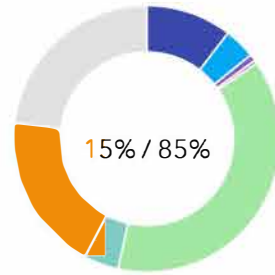
914 468 0186

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# Asset Allocation

## Current allocation

All Accounts



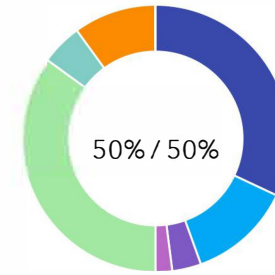
10.4%	U.S. Equities	32%
3.8%	International Equities	12.5%
0.8%	Emerging Markets	3.5%
0.4%	Real Estate	2%
38.1%	U.S. Bonds	35%
4.2%	International Bonds	5%
19.2%	Cash	10%
23.1%	Other	0%

Equity / Fixed Income

Annual return: 6.5%  
Standard deviation: 5.2%

## Target allocation

Balanced



Equity / Fixed Income

Annual return: 7.4%  
Standard deviation: 8.8%

## To balance back to your target portfolio:

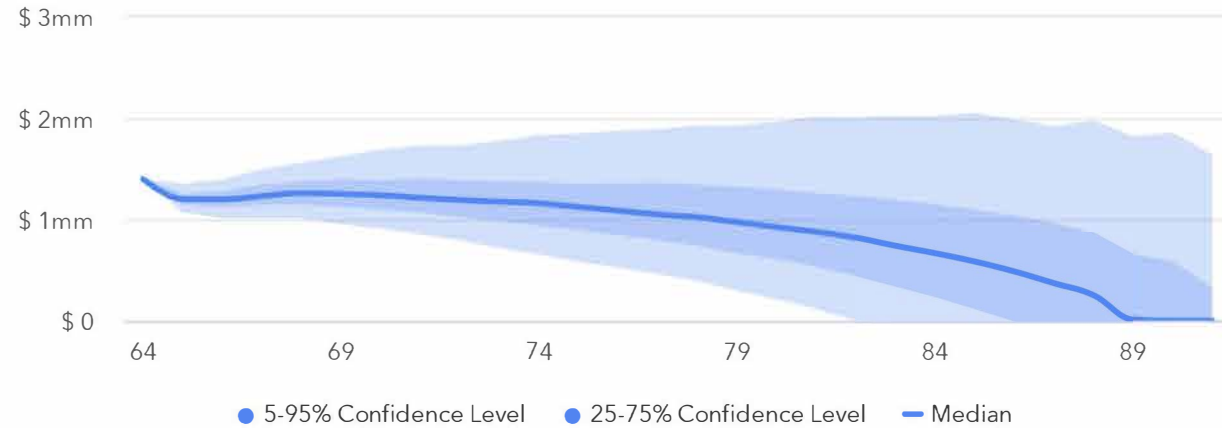
U.S. Equities	Buy	\$ 280,800	U.S. Bonds	Sell	\$ 40,300
International Equities	Buy	\$ 113,100	International Bonds	Buy	\$ 10,400
Emerging Markets	Buy	\$ 35,100	Cash	Sell	\$ 119,600
Real Estate	Buy	\$ 20,800	Other	Sell	\$ 300,300

This page shows a need to increase or decrease the amounts currently represented in these asset classes of the current portfolio.

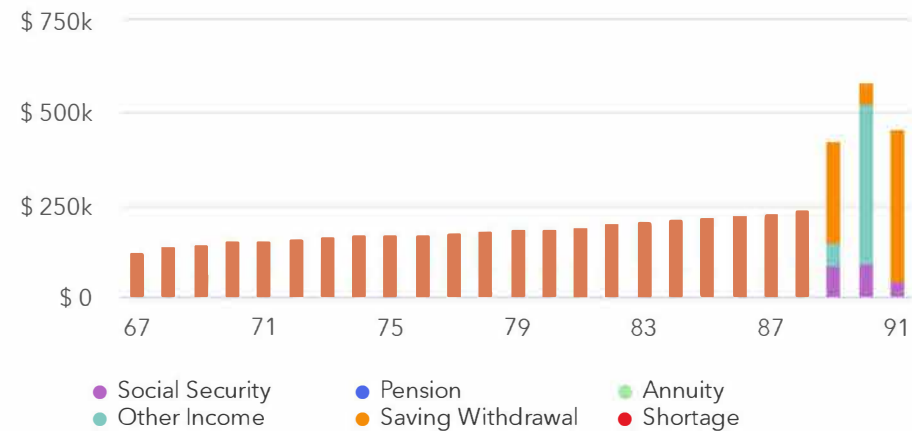


# Retirement Analysis Details - Proposed plan

## Asset simulation results



## Retirement income



**\$ 0**  
income shortage  
**44.9%**  
income is stable

# Medicare Coverage

It is important to select the Medicare options that meet your needs and enroll in Medicare on time. Delayed enrollment can result in penalties and coverage gaps.

## Coverage Analysis

Description	Coverage
Hospital Insurance	✔ Covered in Medicare Part A
Medical insurance	✔ Covered in Medicare Part B
Prescription drug	✔ Covered in Medicare Part D
Dental, vision and hearing	✘ Not covered
Long term Care	✘ Not covered

Proposed option  
**Original Medicare, Part  
A, B, D**

# What is Medicare Part C?

A Medicare Advantage Plan (like an HMO or PPO) is another Medicare health plan choice you may have as part of Medicare. Medicare Advantage Plans, sometimes called “Part C” or “MA Plans,” are offered by private companies approved by Medicare.

If you join a Medicare Advantage Plan, the plan will provide all of your Part A (Hospital Insurance) and Part B (Medical Insurance) coverage. Medicare Advantage Plans may offer extra coverage, such as vision, hearing, dental, and/or health and wellness programs. Most include Medicare prescription drug coverage (Part D).

Medicare pays a fixed amount for your care every month to the companies offering Medicare Advantage Plans. These companies must follow rules set by Medicare. However, each Medicare Advantage Plan can charge different out-of-pocket costs and have different rules for how you get services (like whether you need a referral to see a specialist or if you have to go to only doctors, facilities, or suppliers that belong to the plan for non-emergency or non-urgent care). These rules can change each year.



# How to Protect Your Financial Accounts From Cyber Thieves

## What is an Account Takeover

In an **account takeover**, your username, log-on information and the mobile number associated with your account are manipulated or changed in a way that prevents you from accessing your account.

## Account Takeovers in the U.S.

Year	2019	2018	2017	2016	2015	2014
Estimated number of victims	4.4 million	3.6 million	4 million	1.4 million	1 million	1.6 million
Estimated losses, adjusted for inflation	\$6.8 million	\$4 million	\$5.1 million	\$2.4 million	\$1.5 million	\$3.9 million

Source: Javelin Strategy & Research

# Tips to Prevent Cyber Breaches

1. Never give a stranger who contacts you remote access to your computer.
2. Consider a designated tablet for finances and online banking.
3. Set up different, complex passwords not just for your financial accounts but for every online account.
4. Add two-step authentication to your passwords as an extra layer of security when logging into accounts.
5. Ensure that your antivirus and anti-malware software is up to date.
6. Perform software updates as they become available for your computer, laptop, tablet, and mobile devices.
7. Contact your bank, credit card company, and investment firm to ask what additional security measures they recommend for digital accounts. This includes fraud alerts and dollar limit transactions.



# Estate Checklist



To protect and control the financial future of your family and loved ones, keep track of your progress on creating important estate checklist documents.

## Important estate checklist tasks

	Robert	Bernadette
<b>Will</b>		
Document created		
<b>Power of Attorney</b>		
Document created		
<b>Living Will</b>		
Document created		
<b>Health Care Proxy</b>		
Document created		
<b>Beneficiary Designations</b>		
Created and reviewed		
<b>Living Trust</b>		
Document created		



# Contact

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