

Participant Corner

What are the Hallmarks of a Happy Retirement?

The Month in Brief

In April, investors kept one eye on impressive corporate earnings and another on geopolitical developments in Asia and Europe. Earnings ultimately drew the most attention – the Dow Jones Industrial Average rose more than 1% for the month, while the Nasdaq Composite added more than 2%. The latest readings on some key economic indicators were disappointing, but consumer confidence and purchasing manager indices looked good. Positive economic news filtered in from both China and the eurozone. Home sales were up; mortgage rates down. Commodity futures largely struggled. All in all, the month featured more economic positives than negatives.¹

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+5.96	+17.44	+11.66	+5.96
NASDAQ	+12.34	+25.85	+19.41	+13.65
S&P 500	+6.49	+14.86	+13.98	+5.96
REAL YIELD	4/28 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.37%	0.12%	-0.30%	2.25%

Sources: wsj.com, bigcharts.com, treasury.gov – 4/28/17^{1,17,18,19}

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

MONTHLY QUOTE

“Change your thoughts and you change your world.”

- Norman Vincent Peale

HEALTH TIP

Take it easy when you work out. More is not always better for baby boomers starting an exercise program. Your first step, before beginning such a regimen, should be a chat with your doctor. In terms of gym exercises, beginners should consider 8-12 repetitions a goal, no more. If that sounds too strenuous, then aim for 5-8 repetitions. If 5 sounds too much, just do as many as you can. You are not competing with anyone

DID YOU KNOW

Is there seaweed in that sundae?

There may be. Some ice cream brands use either agar or carrageenans as thickening agents. Both are derivatives of seaweed. To produce these pure gelatinous substances, seaweed is boiled and then frozen and thawed repeatedly.⁴

WHAT ARE THE HALLMARKS OF A HAPPY RETIREMENT?

There is no absolute answer to that question, but there are some factors that may make retirement more rewarding.

The more control you have over *when* and *how* you retire, the happier you may be. In surveying retirees for their data-grounded book *The Retirement Maze*, authors Rob Pascale, Louis H. Primavera and Rip Roach learned that 69% of people who left work when they wished, retired happy, as opposed to just 36% of those forced to retire. Having a retirement income plan can certainly reduce some uncertainty; though recent Ameriprise research shows just 52% of pre-retirees have developed one. So can talking to your spouse before retirement about *where* you want to live, *how* you want to spend your days, and *how much* “alone time” you need.

Twenty-five percent of employers (according to a Transamerica survey) now let employees phase into retirement by allowing them to work reduced hours, recognizing that working a little (or even a lot) can promote retirement satisfaction. Part-time work, an encore career, or volunteering can help you stay socially engaged. Keeping in touch with your kids or grandkids is definitely a plus, and the greatest asset may be good health; in an Age Wave and Merrill Lynch survey of 3,300 pre-retirees, health ranked first among the keys to retirement happiness.¹

MANAGING YOUR CASH FLOW AFTER YOUR CAREER ENDS

Retiring with a budget and practicing a little tax management may lessen monthly financial pressures for you after you leave work. Keep in mind that most retirement accounts are qualified accounts, so distributions from them are commonly taxed as regular income. Distributions from non-qualified investment accounts are taxed at capital gains rates. The difference in tax treatment between the two types of accounts can be as great as 15-25%, something to keep in mind when managing retirement income withdrawals.

Some retirees do not budget; more should. Budgeting in retirement has two aims; besides just tracking the basic inflows and outflows in your household, it can also reveal any questionable recurring expenses and opportunities for savings.²

ON THE BRIGHT SIDE

In 2016's first quarter, 13.6% of participants in the retirement plans administered by Fidelity Investments boosted their savings rates, while overall employee contributions rose 12.7%. Both numbers represent all-time highs.³

Disclosures:

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About Capstone Retirement Group

Capstone Retirement Group is a professional retirement plan consulting firm. We partner with plan fiduciaries to identify and implement the optimal retirement plan for their organization.

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