Financial Issues

Summer 2017 CEFCU® Investment Services and Wealth Management

Little Things That May Help Your Retirement Saving

Over time, these seemingly small factors could make a major difference.

Saving for retirement means investing your time and income, both. As you plan, however, it's critical to recognize how small factors and minor decisions could substantially impact your financial future.

Your investment yield may be less important than the amount you save.

Beating the S&P 500 feels great, but your *real* objective should be accumulating enough assets to provide adequate income in your retirement — the "second act" of your life.

How much control do you have over your investment returns? The short answer is very little — market cycles, macroeconomic factors, and the behavior of institutional investors influence your returns profoundly; yet all are outside your control. On the other hand, you have direct control over how much you invest.

Here's an example: Two people have balances of $100,000 in their respective retirement accounts. Ariel earns a 10% annual return and invests $10,000 annually over a 20-year period. David gets a 12% annual return (2% higher than Ariel!), but he never adds to his investment over the same 20-year period. So who does better in the end? The answer may surprise you.

After 10 years, Ariel's account balance is $434,638, while David's is $310,585. After 20 years, Ariel has $1,302,775, while David has $964,629. Result: David falls behind, even while achieving a 2% greater return.[1]

Investment account fees can take a toll.

Account fees may seem like little things, even unavoidable. Over the years, however, they can have a huge impact. Demos, a public policy think tank, estimates that high expense ratios and administration fees on investments in a typical workplace retirement plan may cost a middle-class, dual-income household as much as $155,000 in retirement assets over a lifetime.[2] This is why you may want to place your invested assets into accounts with annual fees of well under 1%.

What you avoid doing may also matter.

Try to resist the impulse to deviate from your long-term strategy without good reason (and careful examination!). Getting out of the market or tilting your portfolio one way or another based on an emotional reaction to market disruptions could do more harm than good. You should also refrain from drawing on your retirement accounts for any purpose other than retirement. In the long run, sticking to your plan, riding through the turbulence, and avoiding quick, impetuous decisions may help your retirement funds.

Continued on page 2

On that note, remember that tuning out the noise is okay.

The financial world is a noisy place, with non-stop trading and information flows. Any notable news development becomes a front page (or home page) item. While not reacting may seem risky, equanimity has its virtues. A little self-control — in your temperament and in your investment approach — may leave your retirement savings in surprisingly good shape over the long run, compared to the savings of someone who reacts to every shift in the market.

Finally, when you're evaluating your plan, remember the most important step of all:

Talk with a professional.

To evaluate your portfolio, consider talking with a Representative from CEFCU Investment Services. Representatives can meet with you at most CEFCU Member Centers, or you can schedule a phone appointment.

To schedule a no-cost, no-obligation appointment with a CEFCU Investment Services Representative, call 1.800.356.7865, ext. 32571 today.

Citations.

1 - bankrate.com/finance/investing/saving-money-or-investing-more-important-over-time.aspx [6/25/16]

2 - forbes.com/sites/arielleoshea/2016/08/08/3-common-saving-mistakes-you-can-fix-right-now/ [8/8/16]

Protecting You and Your Family

Andy Felix
Client Relations Advisor

As a former administrator at Washington Christian Village, a skilled nursing home and retirement village, for nearly 20 years, I have an understanding of the emotional and financial consequences that take place when long-term care is needed. That's why, as a CEFCU Investment Services Representative, my primary objective has been, and will always be, to provide clients with the right programs, most current information, and best service possible.

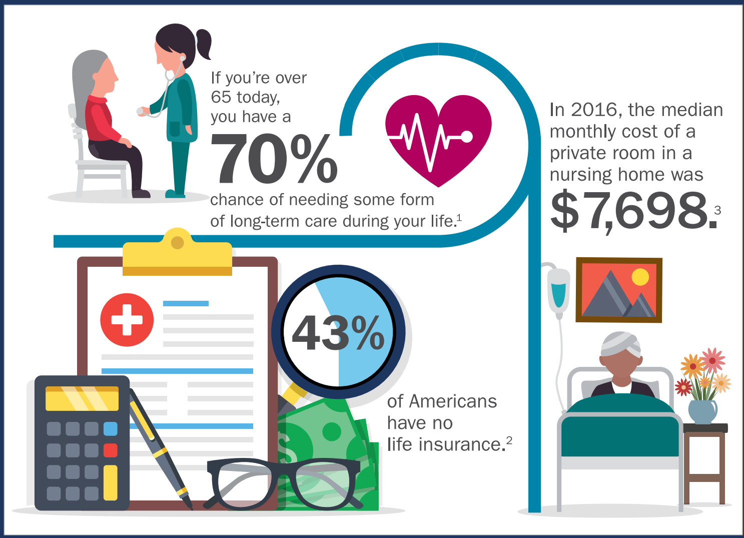
I hold a State of Illinois license for Life and Health Insurance with Long-Term Care Insurance certification – so I can help you find answers to these key questions:

- How will you pay for long-term care?
- Financially, what would happen to your family if you died?
- What roles do long-term care coverage and life insurance play in your overall retirement strategy?

In addition to helping you with your life and long-term care insurance needs, I am FINRA-registered to sell securities and can provide investment planning and financial services options that are focused on looking out for you and your interests. I can help you develop a plan that aligns with your specific needs, tolerance for risk, and timeline. Together we can create a strategy that will help you build, protect, use, and transfer assets in the most advantageous way.

At CEFCU Investment Services, helping you with your financial goals and plans is our number one priority. To schedule a no-cost, no-obligation appointment with me or another CEFCU Investment Services Representative, call 1.800.356.7865, ext. 32571 today.

Did you know?



1 – https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html [7/6/16]
2 – bankrate.com/financing/insurance/how-painful-is-the-life-insurance-talk/ [9/15/15]
3 – tinyurl.com/hbc3s2a [5/10/16]

CEFCU® Investment Services

More Than Taxes

Many people relate "estate planning" with tax planning — but the full value of estate planning extends well beyond tax considerations.

Disability Protection

It's a sobering fact: A 20-year-old worker today has approximately a 30% chance of becoming disabled before retirement. Unless you plan ahead, a prolonged illness or accident could jeopardize your future financial security.

A *standby trust* can help should you become disabled. With a standby trust, the designated trustee will step in *only* if a predetermined event, such as your incapacity, takes place. The trustee can be empowered to make investment decisions on your behalf; collect investment income; and pay your bills, debts, and taxes. Once you recover, the trust can go back on standby status.

Care When You're Not There

Managing your assets is easier when you're there to take care of things. However, when personal or business travel becomes frequent or prolonged, finding the time to make investment decisions can be difficult.

By establishing a *revocable living trust*, you can delegate management of your financial affairs to your trustee during extended absences — anytime you're unavailable. Or, you can give your trustee full management responsibility over trust assets. With a revocable trust arrangement, *you set the rules*, so you can alter or end the trust at any time, for any reason.

Family Protection

Life insurance can provide a financial cushion for your loved ones after you're gone. However, converting insurance proceeds into long-term income requires investment management skills. Do your spouse and children have the experience needed to manage a large sum of money?

You may be able to protect your loved ones against financial insecurity by setting up a *life insurance trust* in your estate plan. This strategy can help to shield your family against risks, such as heeding bad investment advice or depleting the assets too quickly. Your trustee will care for the trust funds and distribute the money to your heirs as you have indicated in the trust agreement.

Kevin Barbier

Trust & Investment Management Officer

CFP® Professional

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Wealth Management

Investment Management

If you own a substantial investment portfolio, you may want to make sure that your assets will receive the attention and care of an experienced investment professional after you're gone.

By using your will to transfer assets to a *testamentary trust*, your trustee will manage the assets for the sole benefit of your beneficiaries — your spouse, your children, or even a charity. This type of trust is often used to fund the care or education of minor children.

We Can Help

Serving as a trustee is no simple task. It takes financial responsibility, accountability, reliability, and investment know-how. We understand the role of trustee and offer a complete array of trustee services. As a professional trustee, we will faithfully follow your wishes and serve your beneficiaries.

We can also help you create an estate plan or review your existing arrangements. To find out more about our trust services and the non-tax reasons for planning your estate, please contact Kevin Barbier, Trust and Investment Management Officer and CERTIFIED FINANCIAL PLANNER™ professional.

Kevin is part of the CEFCU Wealth Management team and can provide sound, unbiased investment planning and management that follows the same standards that guide your Credit Union — looking out for *your* best interests. To schedule an appointment, please call 309.633.3836 or 1.800.633.7077, ext. 33836.

CEFCU®
Investment Services &
Wealth Management

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Count on Our Team Through Changes!

Through mergers, bull and bear markets, layoffs, and much more, the CEFCU Wealth Management team has been there, rock steady, for investors. If you're facing a change in your own financial life, why not talk to one of the professionals on our team today?

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Call Us Today!

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