

Financial Issues

FALL 2019

CEFCU® Investment Services and Wealth Management

The Financial Realities of Longevity

A solid retirement strategy takes longevity (your time horizon) — an often unpredictable factor — into consideration. Recent findings from the Centers for Disease Control and Prevention indicate the average American male lives to age 76, while a female may live to 81. The numbers also take quality of life into account, putting male and female Americans at “full health” for 67 and 70 years, respectively.¹

What do the numbers mean?

The survey results can be used to help plan your financial retirement strategy. For example, one major takeaway is women live longer and possibly on their own for a number of years after the passing of a partner or spouse. Financially, this can mean a woman who has been part of a double-income earning household could end up living alone sooner than expected.

Loss of a second income can affect day-to-day living, as well as one’s ability to save for retirement. Statistically, single women age 65 and up (unmarried and widowed) rely on Social Security payments for 45% of their total income in retirement. This compares to 33% for single men of a similar age and 28% for married couples at that age.^{2,3}



Translation, please!

How does this information translate in dollars and cents? Relying on Social Security for almost half of one’s monthly income in retirement may not even sufficiently cover day-to-day expenses. Here’s a snapshot of the most recent figures, based on a 2018 Social Security Fact Sheet:⁴

Estimated Average Monthly Social Security Benefits <i>Payable January 2018</i>		
	Before 2.0% COLA*	After 2.0% COLA*
All retired workers	\$1,377	\$1,404
Aged Couple, Both Receiving Benefits	\$2,294	\$2,340
Widowed Mother and Two Children	\$2,717	\$2,771
Aged Widow(er) Alone	\$1,310	\$1,336

*COLA = Cost of Living Adjustment

The chart underscores the importance of saving for retirement as early as possible and sticking with a financial plan that considers:

- ◆ Immediate needs, such as day-to-day expenses.
- ◆ Retirement goals (travel, hobbies, spending time with family, charitable giving, and more).
- ◆ Contingencies, including rising healthcare costs and the passing of a partner or spouse earlier than expected.

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Are you where you need to be?

To see if you're where you need to be, contact a CEFUCU Investment Services Representative. A member of our Investment Team can help you create or review a retirement savings plan based on your unique goals, risk tolerance, and time horizon. You can meet with a Representative by phone, online, or in person at most Member Centers. To schedule a no-obligation appointment, call 309.633.2571 or 1.800.356.7865, ext. 32571, or go to [cefcu.com/invest](https://www.cefcu.com/invest).



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Citations.

- 1 - time.com/5538099/why-do-women-live-longer-than-men/ [2/27/2019]
- 2 - ssa.gov/news/press/factsheets/women-alt.pdf [8/2018]
- 3 - washingtonpost.com/outlook/2019/05/14/why-gender-pay-gap-still-persists-what-we-can-do-about-it/ [5/14/2019]
- 4 - ssa.gov/news/press/factsheets/colafacts2018.pdf [1/1/18]

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Trusteed IRA: A Newer Choice to Manage & Preserve Retirement Assets

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A Trusteed IRA managed by your trusted Credit Union

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Kevin Barbier
Trust & Investment
Management Officer
CFP® Professional

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FR-2673862.1-0819-0921

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FR-2035796.1-0218-0320