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Did you know we offer comprehensive retirement plans to all our clients? These plans help to organize your financial goals, anticipate costs, and track your progress as you plan for and enter retirement.

We know life happens and things change, which is why we update and review these plans annually. Please call us if you are interested in developing a plan to get you to a retirement that fits your lifestyle and saving ability.

Our team website is still in the works, but will launch soon. The website will contain information about our team, timely investment articles, as well as online access to your account.

We look forward to continuing and strengthening our relationship with you. Enjoy your summer!

All my best,

Jim Montmorency

Third Quarter 2016

Projecting a Happy Retirement

A 2015 study found that 41% of households headed by someone aged 55 to 64 had no retirement savings, and only about a third of them had a traditional pension. Among households in this age group with savings, the median amount was just $104,000.[1]

Your own savings may be more substantial, but in general Americans struggle to meet their savings goals. Even a healthy savings account may not provide as much income as you would like over a long retirement.

Despite the challenges, about 56% of current retirees say they are very satisfied with retirement, and 34% say they are moderately satisfied. Only 9% are dissatisfied.[2]

Develop a realistic picture

How can you transition into a happy retirement even if your savings fall short of your goals? The answer may lie in developing a realistic picture of what your retirement will look like, based on your expected resources and expenses. As a starting point, create a simple retirement planning worksheet. You might add details once you get the basics down on paper.

Estimate income and expenses

You can estimate your monthly Social Security benefit at ssa.gov. The longer you wait to claim your benefits, from age 62 up to age 70, the higher your monthly benefit will be. If you expect a pension, estimate that monthly amount as well. Add other sources of income, such as a part-time job, if that is in your plans. Be realistic. Part-time work often pays low wages.

It's more difficult to estimate the amount of income you can expect from your savings; this may depend on unpredictable market returns and the length of time you need your savings to last. One simple rule of thumb is to withdraw 4% of your savings each year. At that rate, the $104,000 median savings described earlier would generate $4,160 per year or $347 per month (assuming no market gains or losses). Keep in mind that some experts believe a 4% withdrawal rate may be too high to maintain funds over a long retirement. You might use 3% or 3.5% in your calculations.

Now estimate your monthly expenses. If you've paid off your mortgage and other debt, you may be in a stronger position. Don't forget to factor in a reserve for medical expenses. One study suggests that a 65-year-old couple who retired in 2015 would need $259,000 over their lifetimes to cover Medicare premiums and out-of-pocket health-care expenses, assuming they had only median drug expenses.[3]

Take strategic steps

Your projected income and expenses should provide a rough picture of your financial situation in retirement. If retirement is approaching soon, try living for six months or more on your anticipated income to determine whether it is realistic. If it's not, or your anticipated expenses exceed your income even without a trial run, you may have to reduce expenses or work longer, or both.

Even if the numbers look good, it would be wise to keep building your savings. You might take advantage of catch-up contributions to IRAs and 401(k) plans, which are available to those who reach age 50 or older by the end of the calendar year. In 2016, the IRA catch-up amount is $1,000, for a total contribution limit of $6,500. The 401(k) catch-up amount is $6,000, for a total employee contribution limit of $24,000.

Preparing for retirement is not easy, but if you enter your new life phase with eyes wide open, you're more likely to enjoy a long and happy retirement.

[1] U.S. Government Accountability Office, "Retirement Security," May 2015

[2] *The Wall Street Journal,* "Why Retirees Are Happier Than You May Think," December 1, 2015

[3] Employee Benefit Research Institute, Notes, October 2015

Four Reasons Why People Spend Too Much

You may be more likely to overspend on a particular purchase compared to other possible expenditures. According to research conducted by the Consumer Reports National Research Center, adults in the United States reported that they would spend money on the following throughout the year:

- ***54%--electronics***
- ***33%--appliances***
- ***27%--a car***
- ***23%--home remodeling***

Source: Consumer Reports, November 2014

You understand the basic financial concepts of budgeting, saving, and monitoring your money. But this doesn't necessarily mean that you're in control of your spending. The following reasons might help explain why you sometimes break your budget.

1. Failing to think about the future

It can be difficult to adequately predict future expenses, but thinking about the future is a key component of financial responsibility. If you have a tendency to focus on the "here and now" without taking the future into account, then you might find that this leads you to overspend.

Maybe you feel that you're acting responsibly simply because you've started an emergency savings account. You might feel that it will help you cover future expenses, but in reality it may create a false sense of security that leads you to spend more than you can afford at a given moment in time.

Remember that the purpose of your emergency savings account is to be a safety net in times of financial crisis. If you're constantly tapping it for unnecessary purchases, you aren't using it correctly.

Change this behavior by keeping the big picture in perspective. Create room in your budget that allows you to spend discretionary money and use your emergency savings only for true emergencies. By having a carefully thought-out plan in place, you'll be less likely to overspend without realizing it.

2. Rewarding yourself

Are you a savvy shopper who rarely splurges, or do you spend too frequently because you want to reward yourself? If you fall in the latter category, your sense of willpower may be to blame. People who see willpower as a limited resource often trick themselves into thinking that they deserve a reward when they are able to demonstrate a degree of willpower. As a result, they may develop the unhealthy habit of overspending on random, unnecessary purchases in order to fulfill the desire for a reward.

This doesn't mean that you're never allowed to reward yourself--you just might need to think of other ways that won't lead to spending too much money. Develop healthier habits by rewarding yourself in ways that don't cost money, such as spending time outdoors, reading, or meditating. Both your body and your wallet will thank you.

If you do decide to splurge on a reward from time to time, do yourself a favor and plan your purchase. Figure out how much it will cost ahead of time so you can save accordingly instead of tapping your savings. Make sure that your reward, whether it's small or big, has a purpose and is meaningful to you. Try scaling back. For example, instead of dining out every weekend, limit this expense to once or twice a month. Chances are that you'll enjoy going out more than you did before, and you'll feel good about the money you save from dining out less frequently.

3. Mixing mood with money

Your emotional state can be an integral part of your ability to make sensible financial decisions. When you're unhappy, you might not be thinking clearly, and saving is probably not your first priority. Boredom or stress also makes it easy to overspend because shopping serves as a fast and easy distraction from your feelings. This narrow focus on short-term happiness might be a reason why you're spending more than normal.

Waiting to spend when you're happy and thinking more positively could help shift your focus back to your long-term financial goals. Avoid temptations and stay clear of stores if you feel that you'll spend needlessly after having an emotionally challenging day. Staying on track financially (and emotionally) will benefit you in the long run.

4. Getting caught up in home equity habits

Do you tend to spend more money when the value of your assets--particularly your property--increases? You might think that appreciating assets add to your spending power, thus making you feel both wealthier and more financially secure. You may be tempted to tap into your home equity, but make sure you're using it wisely.

Instead of thinking of your home as a piggy bank, remember it's where you live. Be smart with your home equity loan or line of credit--don't borrow more than what is absolutely necessary. For example, you may need to borrow to pay for emergency home repairs or health expenses, but you want to avoid borrowing to pay for gratuitous luxuries that could put you and your family's financial security at risk. After all, the lender could foreclose if you fail to repay the debt, and there may be closing costs and other charges associated with the loan.

Four Lessons Grandparents and Grandchildren Can Learn Together

According to a Pew Research study, there are some significant differences between members of the Millennial generation (born 1981-96) and the Silent generation (born 1928-45).

- ***68% of men and 63% of women in the Millennial generation are employed, compared with 78% of men and 38% of women in the Silent generation when they were young.***
- ***68% of Millennial generation members have never been married, compared with 32% of Silent generation members when they were the same age.***
- ***21% of men and 27% of women in the Millennial generation have at least a bachelor's degree, compared with only 12% of men and 7% of women in the Silent generation when they were young.***

Source: "How Millennials today compare with their grandparents 50 years ago," Pew Research Center, Washington, D.C. (March 19, 2015), pewresearch.org.

If you're a grandparent, maintaining a strong connection with your grandchildren is important, but that may become harder over the years as they leave for college or become busier building their careers and families. While they're just starting out financially, you have a lifetime of experience. Although you're at opposite ends of the spectrum, you have more in common than you think. Focusing on what you can learn together and what you can teach each other about financial matters may help you see that you're not that different after all.

1. Saving toward a financial goal

When your grandchildren were young, you may have encouraged them to save by giving them spare change for their piggy banks or slipping a check into their birthday cards. Now that they're older, they may have trouble saving for the future when they're focused on paying bills. They may want and need advice, but may not be comfortable asking for it. You're in a good position to share what experience has taught you about balancing priorities, which may include saving for short-term goals such as a home down payment and long-term goals such as retirement. You'll also learn something about what's important to them in the process.

You may even be willing and able to give money to your grandchildren to help them target their goals. While you can generally give up to $14,000 per person per year without being subject to gift tax rules, you may want to explore the idea of offering matching funds instead of making an outright gift. For example, for every dollar your grandchild is able to save toward a specific goal, you match it, up to whatever limit you decide to set. But avoid giving too much. No matter how generous you want to be, you should prioritize your own retirement.

2. Weathering market ups and downs

Your grandchildren are just starting out as investors, while you have likely been in the market for many years and lived through more than one challenging economic climate. When you're constantly barraged by market news, it's easy to become too focused on short-term results; however, the longer-term picture is also important. As the market goes up, novice investors may become overly enthusiastic, but when the market goes down they may become overly discouraged, which can lead to poor decisions about buying and selling. Sharing your perspective on the historical performance of the market and your own portfolio may help them learn to avoid making decisions based on emotion. Focusing on fundamentals such as asset allocation, diversification, and tolerance for risk can remind you both of the wisdom of having a plan in place to help you weather stormy market conditions.

***Note:** Asset allocation and diversification do not guarantee a profit or protect against investment loss. Past performance is no guarantee of future results.*

3. Using technology wisely

Some people avoid the newest technology because they think the learning curve will be steep. That's where your grandchildren can help. With their intuitive understanding of technology, they can introduce you to the latest and greatest financial apps and opportunities, including those that may help you manage your financial accounts online, pay your bills, track investments, and stay in touch with professionals.

Unfortunately, as the use of technology has grown, so have scams that target individuals young and old. Your grandchildren might know a lot about using technology, but you have the experience to know that even financially savvy individuals are vulnerable. Consider making a pact with your grandchildren that if you are asked for financial information over the phone, via email, or online (including account or Social Security numbers); asked to invest in something that promises fast profits; or contacted by a person or business asking for money, you will discuss it with each other and with a trusted professional before taking action.

4. Giving back

Another thing you and your grandchildren might have in common is that you want to make the world a better place.

Perhaps you are even passionate about the same special causes. If you live in the same area, you might be able to volunteer together in your community, using your time and talents to improve the lives of others. But if not, there are plenty of ways you can give back together. For example, you might donate to a favorite charity, or even find the time to take a "volunteer vacation." Traveling together can be an enjoyable way for you and your grandchildren to bond while you meet other people across the country or globe who share your enthusiasm. Many vacations don't require experience, just a willingness to help--and learn--something you and your grandchildren can do together.

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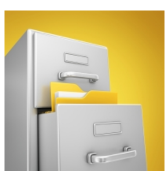
How long should I keep financial records?

There's a fine line between keeping financial records for a reasonable period of time and becoming a pack rat. A general rule of thumb is to keep financial records only as long as necessary. For example, you may want to keep ATM receipts only temporarily, until you've reconciled them with your bank statement. But if a document provides legal support and/or is hard to replace, you'll want to keep it for a longer period or even indefinitely. It's ultimately up to you to determine which records you should keep on hand and for how long, but here's a suggested timetable for some common documents.

One year or less	More than one year	Indefinitely
Bank or credit union statements	Tax returns and documentation*	Birth, death, and marriage certificates
Credit card statements	Mortgage contracts and documentation	Adoption papers
Utility bills	Property appraisals	Citizenship papers
Annual insurance policies	Annual retirement and investment statements	Military discharge papers
Paycheck stubs	Receipts for major purchases and home improvements	Social Security card

*The IRS requires taxpayers to keep records that support income, deductions, and credits shown on their income tax returns until the period of limitations for that return runs out--generally three to seven years, depending on the circumstances. Visit irs.gov or consult your tax professional for information related to your specific situation.



What are some tips for organizing financial records?

Organizing your financial records is a cyclical process rather than a one-time event. You'll need to set up a system that helps you organize incoming documents and maintain existing files so that you can easily find what you need. Here are a few tips.

Create your system: Where you should keep your records and documents depends on how quickly you want to be able to access them, how long you plan to keep them, and the number and type of records you have. A simple set of labeled folders in a file cabinet may be fine, but electronic storage is another option for certain records if space is tight or if you generally choose to receive and view records online. No matter which storage option(s) you choose, try to keep your records in a central location.

File away: If you receive financial statements through the mail, set up a collection point such as a folder or a basket. Open and read what you receive, and decide whether you can file it or discard it. If you receive statements electronically, pay attention to any notifications you receive. Once you get in a routine, you may find that keeping your records organized takes only a few minutes each week.

Purge routinely: Keeping your financial records in order can be even more challenging than organizing them in the first place. Let the phrase "out with the old, in with the new" be your guide. For example, when you get this year's auto policy, discard last year's. When you receive an annual investment statement, discard the monthly or quarterly statements you've been keeping. It's a good idea to do a sweep of your files at least once a year to keep your filing system on track (doing this at the same time each year may be helpful).

Think safety: Don't just throw hard copies of financial paperwork in the trash. To protect sensitive information, invest in a good quality shredder and destroy any document that contains account numbers, Social Security numbers, or other personal information. If you're storing your records online, make sure your data is encrypted. Use strong passwords, and back up any records that you store on your computer.