

Offices in
Suffolk and
Virginia Beach, Virginia
Tel: 757-399-7506
Fax: 757-397-1267
Web: www.oasthook.com



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Editor
Sandra L. Smith,
Certified Elder Law Attorney

PROJECTING THE AMOUNT OF SAVINGS AND INCOME YOU WILL NEED IN RETIREMENT BY FRED E. BANISTER JR.

Many people commonly assume that the annual income needed to enjoy a comfortable retirement will be approximately 70% to 80% of their annual income during their final working years. Determining the lump sum amount or a specific income amount that will ensure a comfortable and secure retirement can be a challenging exercise, especially with so many unpredictable expenses and life events that need to be taken into consideration. If you are within five to ten years of retirement, then you should think in terms of probability – such as achieving a 70% to 90% probability of having enough money to last during your retirement.

Start by envisioning your life in retirement. For example, do you plan to travel frequently? Begin or pursue a hobby? What are your thoughts about leaving money to your children or grandchildren? Are you and your spouse or partner in good health? The list of variables goes on, but here are some key points that you should think hard about:

- Housing costs: Is your mortgage paid off? Have you considered downsizing? Can you afford to sell your home in a depressed housing market?
- Healthcare: If you are retiring before the age of 65 years and therefore not yet eligible for Medicare, then have you considered the necessity and cost of health insurance?

- Long-term care costs: These costs may be catastrophic to your financial nest egg if you do not have insurance protection and you or a spouse needs extended in-home care or nursing home care.
- Current and future household expenses: These expenses can be a myriad of items from utilities, insurance, real estate taxes, replacing a roof, buying a car, etc. Keep in mind that these expenses will change from year to year.
- Aging parents or boomerang children: You may need to care for and possibly take on their financial responsibilities.

Once you have a picture of how you envision your retirement, you should consider your various sources of income, pensions, savings, Social Security, earnings from real estate, etc, from which you expect to create your retirement paycheck. The timing of your retirement can also be a factor, such as retiring in a down market and the impact of a poor economy affecting the value of your portfolio. Another consideration is inflation. At the historical average of 3% annual inflation, a given sum of money will lose half of its purchasing power in 23 years.

Retirement income planning is something that requires time and talent. Maybe you have that skill or it may be to your advantage to seek professional advice from someone who can guide you through the process.

Fred E. Banister Jr. is Vice President – Investments with Davenport & Company LLC in Virginia Beach, Virginia. Mr. Banister specializes in helping individuals and families with financial planning and investment management. For more information, phone Mr. Banister at 757-306-4815 or e-mail him at fbanister@investdavenport.com.

Ask Allie

O&H: Allie, we've heard another story about a cat that was reunited with his family after several years. Please tell us about it.

Allie: Sure! A domestic shorthair cat named Dopey lived with his family in Sacramento, California, and was the 6-year-old daughter's favorite kitten of the seven in his litter. He disappeared one night in 2003, and the family did everything it could to find him, but without success. Little did the family know that Dopey had wandered to another town 40 miles away, and a kind elderly woman had welcomed him into her home and took care of him. When she died in 2009, Dopey ended up at the local animal shelter. The shelter scanned him for a microchip, and, sure enough, Dopey did have one. The shelter called the American Kennel Club's Companion-Animal Recovery service (AKC CAR), where the family's information was still active in its database. The service contacted the family, and Dopey was reunited with his family. "We're thrilled that Dopey found his way home after all this time. His story illustrates that more animals are being safely returned home." said Tom Sharp, chief

executive officer of AKC CAR. Families can register microchip numbers for many species of pets into its database; any kind of pet that can have a microchip is eligible for registration. What a great story! Once again I'm glad that my family at Oast & Hook microchipped me when I lived with them. Time to go and see if my mom and I have any visitors in the front yard today. I love spring! See you next week!

Announcement

Oast & Hook will hold its quarterly Social Workers and Administrators Breakfast on Wednesday, May 4th at the Virginia Beach Central Library, 4100 Virginia Beach Boulevard, Virginia Beach, Virginia 23452. The topic is "Power of Attorneys and Surrogate Decision Making." Registration begins at 9:00 a.m., and the presentation begins at 9:30 a.m. Questions will be answered from 11:00 a.m. to 11:30 a.m. The breakfast is designed to be an educational opportunity for area professionals who work with seniors, the disabled, and their families. Seats are limited, so please register early for this breakfast by phoning Jennie Dell at 757-967-9702 or emailing her at dell@oasthook.com.

Distribution of This Newsletter

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