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# Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



AUGUST 2021

## Inflation and Your Income

With every year that passes, our cash or fixed assets lose value because of inflation, and the cost of our necessities continue to increase.

Older Americans can remember the times when interest rates were low and the word inflation was rarely used or heard. However, during the past 50 years, as our economy has become more intertwined with the other nations of the world, inflation has become more a part of our vocabulary and something we must be regularly concerned with.

And for America's growing number of retirees, inflation is more than just a concern, but something that we must constantly worry about. Each year, inflation increases the cost of health care, food, transportation, our housing and almost everything we need or want gets more expensive. This is bad news for practically everyone, but it is especially bad news for the many retirees who are on a fixed income and have limited cash reserves.

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## Are You Sick Of Policies You Can't Use?

Recently, I received a referral from one of my current clients. This person was extremely frustrated from people she worked with in the past that sold her cheap policies, but they turned out to be impossible to utilize. This person wanted to get life insurance to protect her husband and children but doesn't want it to be like other insurance policies where she pays all this premium and gets nothing back from it.

Unfortunately, this is a too true of an experience that many people have. Too many people are uninformed about how the different types of insurances work and what it does for their family, and many agents out there don't take the time to properly understand what their client is needing and asking for. That is why, whenever I meet with a client, I always do a full review of their situation to help them make informed decisions on which coverages and policies they truly need.

With Life insurance, the two biggest culprits of this are Accidental Death & Dismemberment (ADD) policies, and Term life Policies. An ADD policy will only cover if you die in an accident. So, if you die to a health condition you are not covered. On the flip side, you have term life policies. These policies cover you no matter how you die but only for a certain number of years. So, if the policy only covers you for 10 years and you die in year 11, your family doesn't get anything. These policies are attractive as they are low cost, but that is because of the low probability that you will use it. Do not get me wrong though, there is nothing "wrong" with these policies, as they do have a niche they fill. They are simply meant to be stop-gaps, or short-term solutions. These policies are akin to renting something compared to purchasing it. Yes, it is cheap to start out with, but once it runs out you have nothing to show for it.

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## Interesting Facts:

-The verb "cleave" is the only English word with two synonyms which are antonyms of each other: adhere and separate.

-The first speeding fine/ticket in the world was in the UK in 1896. Walter Arnold was going 8mph (12.9 km/h).

-The average person walks the equivalent of twice around the world in a lifetime.

-Laughing lowers levels of stress hormones and strengthens the immune system. Six-year-olds laugh an average of 300 times a day. Adults only laugh 15 to 100 times a day.

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"To succeed, you need  
to find something to  
hold on to, something  
to motivate you,  
something to inspire  
you."

**-Tony Dorsett**

## **August is Art Appreciation Month**

How would you define 'art'?

For many people art is a specific thing; a painting, sculpture or photograph, a dance, a poem or a play. It is all of these things, and more. They are *mediums* of artistic expression. Webster's New Collegiate dictionary defines art as "*The conscious use of skill and creative imagination especially in the production of aesthetic objects.*" Yet art is much more than a medium, or words on a page. It is the expression of our experience.

Art is uniquely human and tied directly to culture. It takes the ordinary and makes it extraordinary. As an expressive medium it allows us to experience sublime joy, deep sorrow, confusion and clarity. It tests our strengths, vulnerabilities and resolve. It gives voice to ideas and feelings, connects us to the past, reflects the present and anticipates the future.

## **Inflation and Your Income**

As inflation slowly increases, retirees will be forced to cut back on their expenses or find new sources of income. In most cases, this means they will eventually be forced to start depleting their cash reserves and hope that their money will last until they die.

While a slow inflation rate of 4 percent might not appear threatening, remember that over a 10 year period that 4 percent grows to 40 percent – meaning that the cost of everything will be increased by 40 percent (ignoring compounding). In order for retirees to maintain their same standard of living, they must find significantly more income in order to maintain their same standard of living. For example, if you are currently spending \$50,000 a year to maintain yourself or your family, you will need to increase your income to \$70,000 to keep the same standard of living.

For most retirees, this will involve a combination of both factors:

Closely monitoring your expenses, and more closely monitoring your investments and/or financial reserves. However, you really can't afford to wait. Each year that passes without you compensating for inflation means that you lose that much buying power to inflation.

Retirees may not need to panic because while inflation eats away at buying power, as a general rule the same inflation increases the dollar value of your investments. The obvious solution is to have your cash reserves and investments grow faster than the combination of the inflation rate and your spending. This is not a difficult process, and can readily be achieved by strategically positioning assets, without sacrificing safety or guarantees. A Financial Consultant can assist you in making sure your assets are positioned wisely. Why wait? Contact our office today.

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## **Are You Sick Of Policies You Can't Use?**

On the flip side of this we have various permanent products. These are great because they have many ways you can utilize them, and you are guaranteed to get your money back in the end. Let's look at three different scenarios where you can use your policy. Scenario one, you die. It doesn't matter what age you die, these policies will pay your beneficiaries your death benefit as they don't expire. In scenario 2, you suffer a heart attack, or stroke. Some permanent policies include "living benefits" which allow you to access the death benefit early if you have a qualifying event. In Scenario 3, you are alive and well and reach your retirement age. In this scenario, all of the premiums you have put into the policy have been accumulating interest (similar to being in a CD, bond, or mutual fund (depending on the policy) and now you have a large pool of money you can use to generate income in retirement.

All in all, life insurance is a very complex set of products that can provide you with coverage at a variety of price-points and benefits. However, it can be difficult to navigate the hundreds of carriers and products and know what is best for you and your family. That is why it is paramount to get an advisor that will truly help and guide you, not just sell you a cheap policy.