

Lifestyle Link

Your link to a better quality of life

Volume X Issue I

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Letter From David

Dear Friends,

On more than one occasion, I have voiced the idea that I have the best job in the world. I have the opportunity to work with incredibly nice people (for the most part), help them with strategies for growing their wealth (for the most part), and then, the best part, I get to encourage them to spend it. I have the opportunity to see trips being taken, vacations planned, grandkids entertained, toys purchased, and charitable organizations being served. Who else has that incredible opportunity?

As people get to the end of their earning and begin to look at the beginning of the spending, I get a chance to not only see how they are going to spend their money, but I also get to see how they are going to spend their time. In many ways, the money is the easier of the two. Each of us has 168 hours in our week. Think about how you spend that time now. We all eat, sleep, entertain ourselves, visit with family and friends, and many of us work. There lies the issue. We easily spend 40 hours and sometimes 60 hours a week at work, going to and from work, thinking of work, dressing and undressing for work, or discussing work. If you check work emails on the weekend, you are at work. Now, try to fill in those hours with other activities every week. That is what will happen when retirement comes. It is not an easy task. You need to practice retirement. If you do not have a hobby, practice different things. Take two to three weeks off in a row for your next vacation and see how you fare.

A Honey-Do list will only last so long and retirement is forever. Give as much thought to your time as you do your money. I took two weeks off this September; did not check emails; did not call in for messages; I realized that the world carried on without me, but I know I am going to need more



practice. Remember, I have the greatest job of all, so full retirement will probably never be in my future. Our most successful retirees are the ones who have conquered the time issue. Think of the 5 C's: stay Connected to others; be Curious; stay Challenged; be Creative; and stay Charitable.

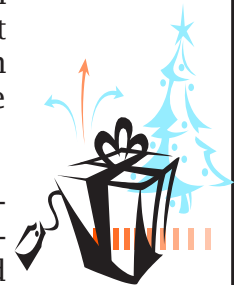
I intend to keep this great job for a long time; your retirement success, both in money and time, will help guarantee that I can.

David

10th Annual Holiday Open House

Please join us on **Friday, December 9th**, for our 10th annual Holiday Open House, **11am-2pm**, at our West Chester office. Lunch from Cornerstone Café will be served.

Once again, we will be collecting unwrapped toys, non-perishable food items and monetary donations for the Greater Cincinnati FreeStore Food Bank. We have increased donations each and every year. Let's make this one the best yet!



Our Office will be Closed...

November 24th & 25th
Thanksgiving Holiday

December 26th—January 2nd
Office will be closed with a reduced staff between
Christmas & New Year's

NEW TAX PROPOSALS & THE “BUFFETT RULE”

On September 19, President Obama laid out a plan to slash \$4.4 trillion from the federal deficit by fiscal year 2021 - a plan featuring \$1.6 trillion in tax increases for upper-income Americans and corporations.

- ◆ The Bush-era income tax cuts would expire in 2013 for high-income households (the highest tax brackets would presumably reset to 36% and 39.6%).
- ◆ The federal estate tax would return to 2009 levels in 2013 (a 45% rate with a \$3.5 million exemption).
- ◆ Tax deductions would presently be reduced for individuals making \$200,000 or more annually and households making \$250,000 annually.
- ◆ The LIFO accounting method for business inventories would be invalid starting in 2013.
- ◆ The lower-of-cost-or-market-inventory accounting method for deductions on unsold goods would also be jettisoned.
- ◆ Investment partnerships would face higher taxes in future years.
- ◆ Deductions and credits for oil and gas activities would be removed.
- ◆ Tax rules for U.S. taxpayers subject to foreign taxes would be revised.

A poll shows broad public approval. President Obama had mentioned tax hikes to pay for his recently unveiled \$447 billion American Jobs Act. By linking taxes on the wealthy to job creation, Obama appealed not only to his progressive base but also to the broad middle class.

A September 20 Gallup survey showed 66% of Americans in favor of raising taxes for individuals making \$200,000 or more annually and families making \$250,000 annually. Additionally, 70% of respondents liked the idea of getting rid of certain corporate tax breaks.

Will there be a tax floor for millionaires? President Obama referenced creating a “Buffett rule” in a nod to Warren Buffett’s August 14 *New York Times* op-ed piece, in which Buffett mentioned that his 2010 federal tax bill amounted to only 17.4% of his taxable income and that Capitol Hill legislators seemed “compelled” to protect multimillionaires “as if we were spotted owls or some other endangered species.” Buffett and Obama both think that the rich should pay proportionately greater federal taxes.

But do they already? According to the non-partisan Tax Policy Center, they do. The TPC says the average U.S. millionaire pays 20.1% of his/her total income back to the IRS in income and payroll taxes, compared to 16.0% for the average American. While many millionaires generate income from sources besides wages and make the most of charitable gifting strategies, it seems many are being taxed proportionately.

Where would the floor be? While the President views the proposed “Buffett rule” as a key starting point for tax reform, few details have emerged about it. On September 19, Treasury Secretary Timothy Geithner remarked that “we’re not going to give the Congress a detailed proposal for how to meet that specific principle now because there’s lots of different ways to do that.”

Daniel Indiviglio, a business writer for *The Atlantic*, recently spent a column exploring the hypothetical tax impact of a “Buffett rule”. He ran some numbers using 2009 IRS data (the most recent available) on adjusted gross incomes. He found that if the government had instituted a 35% minimum tax for all Americans who earned more than \$1 million in 2009, an additional \$37 billion in revenue would have been generated - certainly handy, but not exactly a big dent in what was a \$1.5 trillion shortfall. Raise the floor to the pre-EGTRRA 39.6% and the number climbs to \$66 billion. Even if millionaires had been hit with a 75% marginal tax rate in 2009, the additional 2009 revenue would have amounted to less than 20% of the 2009 deficit. (Effective tax rates for these millionaires might have been a lot lower - after all, the S&P 500 gained 24% in 2009.)

Please Share the Experience...Don't Keep Us a Secret!

VILLAGE LIFE OUTREACH PROJECT

We are often surprised by the giving that goes on around us, but we were absolutely floored when we learned of how far **Dr. Chris Lewis** has gone...to Tanzania...to help others. Dr. Lewis is the Chairman & Founder of the **Village Life Outreach Project**, "whose mission is to unite communities to promote Life, Health and Education." Most of their work is currently focused in three villages in Tanzania, East Africa.

This year's major fundraising event, *Night on the Serengeti*, was held September 23rd, at the Hall of Mirrors, raising close to \$40,000. Dr. Gregory Williams, President of the University of Cincinnati gave the keynote address, and a video was presented highlighting phase one construction of the Roche Health Center, the first ever access to permanent health care for 25,000 villagers. The first patients were treated on April 1, 2011.



In addition to the health center, Village Life has treated over 8000 patients in mobile field clinics, trained villagers to build and maintain water filters, distributed thousands of mosquito nets, and partnered with over a dozen Cincinnati area schools to engage local youth in service-learning activities and to teach them about nutrition.

As this newsletter goes to press, Dr. Lewis, a family physician for Alliance Primary Care, and newly married to **Alicia Bond-Lewis**, is back in Tanzania to check on the foundation's projects and good works. Please take a few minutes to visit www.villagelifeoutreach.org to learn more.

Keeping up with You...

Miss. Pflum goes to Washington...**Chelsea Pflum**, daughter of **Kate and Joe**, spent several weeks this summer interning in Washington DC for the International Economic Development Council, as part of the John Glenn School of Public Affairs Fellows Program. A dinner with Senator and Mrs. Glenn was one of many highlights.

Congratulations to **Kitty Ruxton** who accepted a position with the Great American Steamboat Company. The world's largest steamboat, The American Queen, resumes sailing the Mississippi and Ohio rivers next year. Kitty's former colleagues from the Delta Queen talked her out of retirement for this exciting new adventure.



Jane Kiser recently returned from a group bus tour that included Charleston, SC, Savannah, GA and Pigeon Forge, TN. The group actually came upon a bride and groom waiting for their officiate in a park and wound up as witnesses for the ceremony. Jane can always find the party!

Marge Smelstor and **Barb Stevens** made a stop at Wimbledon this summer, en route to a friend's 80th birthday party in Italy. By the way, the birthday party included a specially commissioned opera and fireworks!

Congratulations to **Dr. Jim Wimmers** who recently announced his retirement from Cincinnati Electronics after 34 years!



Congratulations to **Pat Dolan** who (finally) retired from the University of Dayton over the summer.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. "New Tax Proposals & The 'Buffett Rule'" were prepared by Peter Montoya/MarketingLibrary.

**We will be happy to include your friends & family on our mailing list.
Please let us know where to send their copy of *Lifestyle Link*.**

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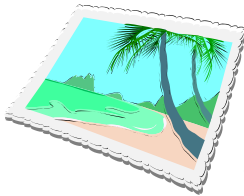
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Managing Cash Flow in Retirement: Careful Budgeting Is Still the Key

When retirement planning goes into reverse, shifting from accumulating assets to living off investment and other income, cash flow becomes critical.

The ultimate goal for most retirees is making sure their assets last as long as they live. And because of increasing longevity, managing cash flow is more critical than ever. A typical American electing to retire in his or her mid-60s may expect to live 20 or more years after retirement.



While many variables come into play depending on your income level, lifestyle and health considerations, there are a number of planning moves that can help retirees live within their means and make appropriate adjustments in response to changes in income and expenses.

Tools for the Task

If you are retired or about to retire, you will need to gather and organize key information before you can tackle the ongoing tasks of monitoring and managing your cash flow in retirement. The purpose is to give you a clear and complete picture of your current financial situation, as well as any significant changes you expect. Two sources will provide this information:

- An up-to-date net-worth statement, which provides a snapshot of your assets, debt and cash reserves
- A monthly or annual budget, with itemized breakdowns of your income and expenses

If you haven't retired yet, it is a good idea to prepare a projected budget of your retirement income and expenses. Be sure to account for all expenses, including those that occur infrequently, such as insurance bills, college tuition and membership fees. They should be reflected in your monthly budget on a prorated basis.

Analyzing this information will reveal any major problems that you need to address, such as insufficient cash reserves for an emergency or an income shortfall compared with current or projected expenses. It may also point out areas for improvement. For example, you may be able to free up cash by reducing debt or eliminating nonessential expenses.





Regular Monitoring

Plans and projections are always subject to change. Even with reasonable assumptions about investment returns, inflation and living costs in retirement, it is likely you will encounter numerous changes to your cash flow over time. Frequent monitoring of your income and expenses will detect changes that you can address in a timely fashion to prevent significant problems down the road.

Experts often recommend a monthly review of your budget, as well as a comprehensive annual review of your financial situation and goals.

What to Look For

What should you look for as you monitor your finances? Following are potential developments that could affect your cash flow and require adjustments to your plan.

- **Interest rate trends and market moves** may result in an increase or decrease in income from your savings and investments. For example, if interest rates decline, you may have to reduce your expenses if you are periodically withdrawing a fixed percentage from your investment assets. Or, you might consider adjusting your investment mix to pursue other sources of income aside from traditional fixed-income investments—such as dividend-paying stocks, for instance. 
- **Changes in federal, state and local tax rates** and regulations. This factor may come into play if you relocate after retiring. The state you move to may impose higher income or property taxes, for example.
- **Inflation and health care costs** are two “unknown” variables that can have a dramatic impact on living costs and, hence, your retirement planning assumptions. 
- **Life events**—such as marriage, the death of a spouse or the addition or loss of a dependent—may also affect your cash flow.
- **Other factors** that could have a bearing on your retirement cash flow include changes in Social Security and Medicare benefits or eligibility, as well as rules affecting employer-provided retiree benefits and private insurance coverage.

Cash flow is also a matter of personal preferences and decisions, and here you will be in control of the many small and not-so-small choices likely to be made over the course of your retirement. How much you spend on travel, entertainment, recreation and whether you live in a low- or high-cost locale are examples of factors that can have a significant effect on cash flow—and how long your retirement assets are likely to last.



These are many of the reasons why it is worth paying close attention to cash flow, making sure you budget carefully, monitor income and expenses frequently and take action whenever you see significant changes in income and expenses.

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