



Managing YOUR Money

STAN'S WORLD

I've detected recurring patterns when working with clients of different ages. Clients in their 40s and early 50s, for example, tend to ask various questions that pertain to the theme "How am I going to get there?" They want to know how much they need to save, how many years they have to work, and how much their portfolios will need to grow in order to reach "there". "There" is an undetermined date in the future when work as they know it will cease, where they live will change, and how they live will be different. While "there" is often not well defined, it clearly represents a lifestyle change from "now".

As clients reach their late 50s and into their 60s, conversations tend to focus on whether the goal has been achieved: "Am I there yet?" Interestingly, "there" may still not be well-defined, or may look radically different than it did 10 or 20 years earlier when the conversation first started. But if a plan was followed, to include annual savings targets, and if the stock market cooperated by growing, then "there" is closer than it ever was before. When "there" is close at hand, it gives clients pause to start wondering about "what-ifs:" "What-if" I work for X more years and then work part-time? "What-if" I take early retirement, collect Social Security, and call it a day?

Finally, when clients reach "there" by choice (e.g., saving sufficient assets) or by actions outside of their control (e.g., losing a job), the discussion takes a different twist. Rather than simply rejoicing, clients tend to question, in detail, what "there" is going to look like: "Now that I/we got here, what's next?"

Retirement, as it used to be defined, has changed dramatically over the past few decades. When life expectancies were substantially shorter, our parents and grandparents worked until age 60 or 65, collected Social Security and a company pension, and focused on enjoying the remaining years.

Often, those remaining years were not measured in decades, as they are today. When someone retires today at age 60, or even 65, it's conceivable they may live another 20-25 years (or more!). "There" is different, and probably shouldn't be viewed as one static event. Encompassing 20 years or more, "there" may include not one move, but two or three.



STAN'S WORLD (CONT'D)

With adult children finding jobs in what seem to be more far-flung places, parents who retire and choose to follow their children (and grandchildren) may find that they move more during “there” than they did while they were trying to get “there”.

Further, if we assume a longer retirement than our parents or grandparents enjoyed, we should view “there” as multiple events. If health and finances cooperate, the early years (the Go-Go Phase) may be viewed as a period of increased activity: travel, fitness, social.

As the years mount, the next phase (Slow-Go) may entail a more sedate part of retirement. If the house is too much work, perhaps a move to an apartment in a town where transportation is more readily available, and owning a second car may no longer be necessary. Expenses drop, and the lifestyle may change yet again.

The final phase (No-Go) may include a community where one ages in place, surrounded by amenities seen as more necessary (e.g., doctors, home care). Even one car may no longer be essential, and travel may be deemed as too difficult. It's time to slow down and enjoy the world immediately around us. (Some of us may even find ourselves in so-called Granny Pods, smaller homes on property owned by one of our children. It allows seniors to be near family, but to have their own space.)

If you're working on getting “there” or have already arrived, perhaps it might be best to view it as a work in progress. Assume it won't occur in the same location where you live now or even the same state, and further assume that what you do when you get “there” will vary significantly as the journey continues. “There” is no longer a fixed place, but rather multiple stages. Living longer is giving us more opportunity, so don't assume that 20, 30, or even more years of retirement will ever be the same.

BY THE NUMBERS³

- An average American worker has **increased his/her productivity** by +97% in the last 35 years, i.e., an average worker can complete in 1 hour as of 12/31/18 the same amount of work that it took him/her **2 hours to finish** as of 12/31/83.
- 3.43 million American workers **quit their jobs** in June 2019. A decade earlier, just 1.79 million American workers quit their jobs in June 2009 (during the nation's 2008-09 recession). A higher “quit level” is indicative of a greater level of confidence in finding a new job to replace one's current occupation.
- 70% of Americans surveyed in June 2019 think **“it's a good time to buy a house.”** That percentage was as high as 83% in December 2014 and has been as low as 57% in October 2008.
- The **total net worth** of Americans as of 3/31/19 was **\$108.6 trillion**, including \$29.1 trillion (27% of the overall net worth total) in retirement accounts.
- The number of Americans that work in the **newspaper business** has almost been **cut in half** over the last decade, **falling 46%** from 71,000 newsroom employees in 2008 to just 38,000 employees in 2018.



OUT-TECH THE SCAMMERS

AARP¹ offers the following technology security tips, good for all ages. Forgive the duplication if we repeat some tips that we've previously discussed because you can never have too much security. If you think these services may be appropriate for you, consider signing up.

Informed Delivery: "The US Postal Service is now offering a terrific service: Each delivery day, it will send an email to you containing digital scans of the letter-size mail that will soon arrive at your box or door. The email also details packages that will arrive that day or soon. Now you can cross-check for mail theft or ask someone to pick up a package if you're away." (Consider signing up at informedelivery.usps.com.)"

Robocall Blocking: "There are three ways to block robocalls. The first is to sign up for the federal Do Not Call Registry, which will limit the number of legal sales pitches you get. The second: Check with your phone's service provider to see what it offers...The third is to sign up for a third-party robocall blocker...Among the respected services are Nomorobo, YouMail, Truecaller and RoboKiller."

Password Manager: "Keeping track [of passwords] is easy if you use a password manager – software that creates unique, complex passwords for you and then stores them in a highly secure digital vault. Now you just need to remember one robust password to access all the rest. Plus, these services provide fraud alerts, secure auto-fill functions, and more. (Popular password managers include Dashlane, LastPass, and 1Password.)"

Bank/credit alerts: Many banks offer a service in which they will email, text or call whenever your debit or credit card has been used, even if it's for legitimate charges. The goal: You know immediately if someone who shouldn't be tapping your account is doing so. You can set up the alerts for any amount."

BY THE NUMBERS³

- The cost of **tuition, fees, room and board** for the upcoming **2019-2020 school year** at Bennington College in Vermont is **\$72,650**.
- The US Treasury Department has auctioned off 30-year government bonds **since 1977**. The **lowest yield ever** on our nation's 30-year paper **until last week** was **2.10% on 7/08/16**. The 30-year Treasury bond yield fell to 1.98% on Thursday 8/15/19, an all-time record low.
- 12.2% of individual bankruptcy filers were **at least age 65** in 2016, i.e., **1 out of every 8 bankruptcies**. 2.1% of individual bankruptcy filers were at least age 65 in 1991, i.e., 1 out of every 48 bankruptcies.
- 45 million Americans owe **\$1.48 trillion in student loan debt** as of 6/30/19, a +114% increase (**up +\$790 billion**) in just the last 10 years.
- 51% of the **2.25 million new jobs** created in the United States during the 12 months ending 7/31/19 were produced in **just 6 states** – Texas (323,300 jobs), California (311,800), Florida (227,200), Washington (102,400), New York (95,500) and North Carolina (75,700).
- The average interest rate nationwide on a **30-year fixed rate mortgage** has dropped **from 4.51%** on 1/03/19 **to 3.58%** on Thursday 8/29/19.



BUYING A NEW CAR? CONSIDER A DEEP CLEAN

Who doesn't get excited about buying a new car? You've finished haggling with the salesperson, removed all the loose change in the seat cushions of the old car, and you're all set to savor that new car smell. Before you drive off the lot, Consumer Reports² suggests you wipe your old car clean. Not the exterior, but a deep clean of the data you left behind.

Un-pair all Bluetooth Devices: "By deleting the connection to your smartphone, you protect info routinely shared for contacting friends, listening to music, and using GPS directions."

Reset the Garage-Door Opener: "If you use a universal application such as HomeLink, for example, you don't want it to be sharing codes that grant access to your home. To erase them, press and hold the two outer HomeLink control buttons until the red light flashes."

Reset Telematics Services: "Blue Link, FordPass, and OnStar can all send data from a car to the cloud, even if you don't have a current subscription. ...Look for an SOS or call button on the rearview mirror or overhead console. Press it, and you will be connected to a live operator, who can help you change the account owner information."

Log Out of Cloud Accounts: "Exclusive to certain automakers, they store driver data, including preset radio stations, favorite temperature settings, navigation destinations, and driving history."

Remove Tracking Devices: "Auto dealers, banks, and insurance companies may attach such devices to vehicles when setting up financing and coverage deals. If buyers don't read the fine print, they might not realize they're there. Once the car is paid off, check with your lender or dealer about disabling them."

If you don't wipe your car clean, the new buyer of your old car merely has to hit the GO HOME feature on your navigation system and then the garage door button when he gets to your house. Break-ins don't get much easier than that.

BY THE NUMBERS³

- **Mortgage debt** in the United States **peaked at \$9.29 trillion** as of 9/30/08, fell 16% to **\$7.84 trillion** by 6/30/13, and now has climbed all the way back to a new record level of **\$9.41 trillion** as of 6/30/19.
- A 65-year old spending **\$100,000 per year** (after-tax) would need **\$128,008 per year** (after-tax) by age 75 and **\$163,862 per year** (after-tax) by age 85 if his/her cost of living was increasing by +2.5% per year due to inflation.
- The Congressional Budget Office estimated on 8/21/19 that over the **next 10 fiscal years** (2020-2029), the US government will take in **\$45.6 trillion of tax receipts** versus **\$57.8 trillion of outlays**, resulting in a **\$12.2 trillion deficit**, or an average annual deficit of \$1.22 trillion. The United States has produced annual deficits of at least \$1.22 trillion just 3 times in our nation's history – 2009-2010-2011.
- Medicaid expenditures make up on average **29% of the budget** of a US state. Medicaid is a health care program for **low-income** Americans that is **jointly funded** by the federal government and states, but running the program is the responsibility of the individual states.
- The sales of **existing homes** account for **90% of all homes sales** in the United States.



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Managing YOUR Money is compiled entirely by Stanley F Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

Did we mention? If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

*If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.*

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¹ Shadel, Doug. "Out-Tech The Scammers." *AARP*, 16 Aug. 2019, p. 71.

² "The Deep Clean: Wipe Data From Your Car Before Selling It." *Consumer Reports*, Oct. 2019, p. 35.

³ "By The Numbers." Direxion ETFs & Funds, 12 August 2019 through 30 September 2019.

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