

## Avoid “Spending Paralysis” in Retirement

You’ve spent a lifetime saving — now, is it time to learn how to spend? If you’re part of the financially shrewd percentage of the population that has a healthy nest egg, don’t let spending paralysis keep you from enjoying those hard-earned dollars. Consider these five reasons why you should flout tradition and spend your money in retirement:

### 1 Spending doesn’t always mean wasting

Sometimes, spending money upfront can reduce spending later on; spending money on reliable vehicles can help you avoid high maintenance costs, and spending on regular health checkups and good food can help you avoid expensive health problems.

### 2 Not everything requires a lump sum payment

Long-term care insurance, 529 plans and health savings accounts exist for a reason—to help you save for and protect yourself from large costs in the future.

**For example:**

Pay \$2,007/year now rather than \$83,950/year later for long-term care expenses.

### 3 The rules don’t always apply to you

If you set preset saving percentages without considering specific spending habits or life expectancy, you may have over saved for retirement by as much as 20 percent.

Spending in most of retirement actually grows at a rate lower than inflation, until it accelerates in later years because of health care costs.

### 4 Hoarding now could hurt you in taxes later

If you have a lot saved in an IRA, waiting to take Required Minimum Distributions (RMDs) after age 70½ could put you in a higher tax bracket. It might make sense to take some of those RMDs earlier, increasing your cash flow now and reducing your taxes later.

### 5 “Starvation” spending diets can lead to binges

Denying yourself for a long time can lead to unpleasant binges later on. The same can be true of saving every penny. Remember, not every financial goal has to be savings-oriented—try setting money aside in a discretionary spending fund, which can help you see exactly how much you have to spend on fun expenses.



# the July market

at a glance



**U.S. Large Cap**  
(Dow Jones Industrial Average)

**17,689.86**

**(0.40%)**



**U.S. Mid/Small**  
(Russell 2000)

**1,238.68**

**(-1.22%)**



**Foreign Large**  
(MSCI EAFE Index Fund)

**64.78**

**(2.03%)**



**Bond Market**  
(Barclays Aggregate Bond Fund)

**109.50**

**(0.66%)**

July 2015 market data

in action

- The Commerce Department reports that the U.S. economy grew at an annualized rate of 2.3 percent in Q2 2015. The department also revised its reported Q1 annualized growth up to 0.6 percent from -0.2 percent.
- Oil giant BP agrees to pay \$18.7B to the U.S. federal government and five Gulf Coast states in a settlement over the 2010 Deepwater Horizon oil spill. BP estimates its total costs from the spill will reach \$40B, including billions already paid in criminal fines.
- The Shanghai Stock Exchange Composite Index displays radical volatility, dropping around 18 percent in the first six business days of the month. Although intervention by the Chinese government allows prices to stabilize in the following weeks, the index is hit by a massive one-day decline of 8.5 percent on July 27.
- Insurance giant Anthem, Inc. reaches a deal to buy rival insurance group Cigna for \$54.6B. The buyout follows several other massive insurance mergers in 2015, including the \$37B purchase of Humana by Aetna, Inc. earlier in July.
- Volkswagen Group beats out Toyota Motor Corp. as the biggest carmaker for the first half of 2015, selling 5.04M vehicles compared to Toyota's 5.02M. Volkswagen owns many of the world's most famous auto brands, including: Audi, Bentley, Lamborghini, and Porsche.
- Hisao Tanaka, CEO of Japanese conglomerate Toshiba Corp., resigns after it is discovered that he had knowledge of an accounting scandal that falsely inflated his company's profits by \$1.2B over many years. Several other senior Toshiba executives resign along with Tanaka.
- In an effort to protect profits amid falling oil prices, major oil companies Centrica, Royal Dutch Shell and Chevron announce global job cuts of 6,000, 6,500 and 1,500, respectively.

# ■ Saving money on rent

Last month, the Census Bureau released its paper **Residential Vacancies and Homeownership in the Second Quarter 2015**. The report showed that rental vacancies are at the lowest rate in 30 years (6.8 percent) and the homeownership rate is the lowest it's been since the mid-1960s (63.4 percent).

Not surprisingly, this growing preference for renting has impacted prices. The bureau's paper showed that the nominal median rent price has climbed about 14 percent in the last three years despite otherwise low inflation rates among other consumer prices.

While you can't control the national demand for rentals, here are a few ways for you (or any renters you know) to save money while renting:

**Get a roommate** – Although this option can be an extremely difficult adjustment and a potential source of conflict (especially if you take on someone you don't know), getting a roommate/housemate can save you hundreds of dollars a month, even if it requires you move to a bigger, more expensive apartment.

**Research and negotiate** – Like any other market, rental units are in competition with one another for tenants. An empty apartment is lost income for a landlord, so finding a part of town with a glut of units can give you the leverage you need to ask for a more competitive price from the place you want to live.

**Find the true costs** – The price of an apartment is more than just monthly rent. It's imperative that you factor in the additional costs like utilities, parking and appliances. Finding a place that pays for laundry or offers its own fitness facilities can lead to big savings in other parts of your budget.



Children getting ready to leave the nest? Here are some helpful tips to ensure they make the most of their rental dollars.

**Shop patiently** – Rental inventory is constantly turning over, so try to spend a couple months shopping around to get a good sense of the market. This is especially true during the summer, when lots of college students/graduates are moving in and out of properties. If you're willing to deal with a difficult move, switching apartments in winter months (depending on region) can provide you with a discount—landlords know their units will probably stay empty until spring.

**Be an amazing tenant** – A good, reliable tenant is worth a fortune to a landlord. If you can build a reputation as an outstanding renter, it will be easy to keep your rent cost fixed when it comes time to renew your lease. If you've been a great tenant but your landlord hasn't offered any benefits, shop around and see how he or she feels knowing you might leave.

**Leases are leverage** – If you've found an apartment you like and know you'll be in the area for a while, request a discount for taking a longer lease. By adding an extra year to a lease, you can both push for a discount and delay the time between rate hikes. This tactic becomes extremely powerful if you've already proven yourself as a fantastic tenant. Landlords dream of good tenants that sign long leases.

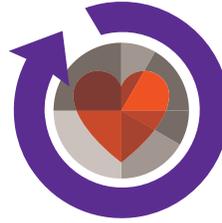
**Go the distance** – Average rent prices vary greatly from city to city, even when they are in the same metro area. Moving away from a city center or popular part of town can lead to pretty significant savings. You'll have to plan carefully—different locations come with different expenses. If a downtown apartment allows you to live without owning a car, you may be saving a lot of money even though you're spending more on rent.

# Protect your heart in the heat

Whatever brings you outside — a bike ride with friends, a jog in the park or just a stroll around the block — it's important to stay safe when the temperature rises.

## Tips for heart patients

If you're a heart patient, older than 50 or overweight, you might need to take special precautions in the heat, according to Gerald Fletcher, M.D., professor of medicine at the Mayo Clinic, in Jacksonville, FL.



Always check with your healthcare professional before starting an exercise routine. Certain heart medications like beta blockers, ace receptor blockers, ace inhibitors, calcium channel blockers and diuretics (which deplete the body of sodium) can exaggerate the body's response to heat, Fletcher said.

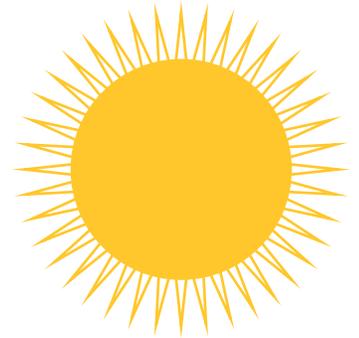
Find the full list of summer heart health tips at [American Heart Association](#)

# August

is a great month to . . .

Kids will soon be headed off to school. That means increased traffic on the roads, sidewalks and bike paths. Make sure you and your family are prepared to be safe no matter how they travel.

Learn more about back to school safety at [National Safety Council](#)



# Beach safety Sun, Sand and Safety

Every summer, people pack their bathing suits, sunscreen, flip flops and a good book for a trip to the beach. Or, perhaps where you live, you are fortunate to have beach weather for the greater part of the year. Regardless of how often you get to sink your toes into the sand, the American Red Cross has some beach safety tips and steps you can take to be make sure you and your family remain safe.

Read more about beach safety at [American Red Cross](#)

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