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41 Clinton St.  
Greenville, PA 16125  
P: 724-588-9067

[www.OrsingerGroup.com](http://www.OrsingerGroup.com)  
[Info@OrsingerGroup.com](mailto:Info@OrsingerGroup.com)

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## **How Women Can Prepare for Retirement**

### **A practical financial checklist for the future**

When our parents retired, living to 75 amounted to a nice long life, and Social Security was often supplemented by a pension. The Social Security Administration estimates that today's average 65-year-old woman will live to age 86½. Given these projections, it appears that a retirement of 20 years or longer might be in your future.<sup>1,2</sup>

### **Are you prepared for a 20-year retirement?**

How about a 30-year or even 40-year retirement? Don't laugh; it could happen. The SSA projects that about 33% of today's 65-year-olds will live past 90, with approximately 14% living to be older than 95.<sup>2</sup>

**Start with good questions:** How can you draw retirement income from what you've saved? How might you create other income streams to complement Social Security? And what are some ways you can protect your retirement savings and other financial assets?

**Enlist a financial professional:** The right person can give you some good ideas, especially one who understands the challenges women face in saving for retirement. These may include income inequality or time out of the workforce due to childcare or eldercare. It could also mean helping you maintain financial equilibrium in the wake of divorce or death of a spouse.

**Invest strategically:** If you are in your fifties, you have less time to make back any big investment losses than you once did. So, protecting what you have may be a priority. At the same time, the possibility of a retirement lasting up to 30 or 40 years will likely require a growing retirement fund.

**Consider extended care coverage:** Women have longer average life expectancies than men and can require significant periods of eldercare. Medicare is no substitute for extended care insurance; it only covers a few weeks of nursing home care, and that may only apply under special circumstances. Extended care coverage can provide a huge financial relief if the need arises.<sup>1,3</sup>

**Claim Social Security benefits carefully:** If your career and health permit, delaying Social Security can be a wise move. If you wait until full retirement age to claim your benefits, you could receive larger Social Security payments as a result. For every year you wait to claim Social Security, your monthly payments get about 8% larger.<sup>4</sup>

**Retire with a strategy:** As you face retirement, a financial professional who understands your unique goals can help you design a wealth management approach that can serve you well for years to come.

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#### **Citations.**

- 1 - [cdc.gov/nchs/products/databriefs/db355.htm](http://cdc.gov/nchs/products/databriefs/db355.htm) [1/20]
- 2 - [ssa.gov/planners/lifeexpectancy.htm](http://ssa.gov/planners/lifeexpectancy.htm) [2/25/20]
- 3 - [medicare.gov/coverage/skilled-nursing-facility-care.html](http://medicare.gov/coverage/skilled-nursing-facility-care.html) [2/25/20]
- 4 - [investopedia.com/retirement/when-take-social-security-complete-guide/](http://investopedia.com/retirement/when-take-social-security-complete-guide/) [11/24/19]

## **Insurance Needs for Empty Nesters and Retirees**

### **Thinking about coverage as you enter a new phase**

With the children now out of the house, financial priorities become more focused on preparing for retirement. At this stage, you may very likely be at the height of your earning power and fast approaching peak savings as you lay the groundwork for retirement. During this final leg to retirement – and throughout your retirement period – wealth protection is critical. The preservation of your assets will not be solely a function of your investment strategy but will include a comprehensive insurance approach to protect you against an array of financial risks, most especially health care. In addition to wealth protection, you may also now be seriously contemplating a number of important estate and legacy objectives.

**Home:** Even though your mortgage may be paid off – thus, releasing you from the lender’s requirement to have homeowner’s insurance – it remains important to consider coverage against property loss and exposure to personal liability. Now is an ideal time to review your policy as the cost of replacing your home and belongings contained therein may have grown over the years. Also, consider an umbrella policy, which is designed to help protect against the financial risk of personal liability.

**Health:** There are several key health insurance issues facing empty nesters and retirees. If you retire prior to age 65 when Medicare coverage is set to begin, you will need coverage to bridge the gap between when you retire and when you turn 65. If your spouse continues to work, you may want to consider getting yourself added to their plan; though, you may need to wait until the employer’s annual enrollment period. Alternatively, you may also purchase coverage through a private insurer or HealthCare.gov (or your state’s program). Once you enroll in Medicare, you should consider purchasing Part D of Medicare, the Medicare Prescription Drug Plan, which can help you save money on prescriptions. Additionally, you may want to consider other Medigap insurance, which is designed to pay for medical care not covered by Medicare. Medigap plans are bought through private insurance companies and best purchased within the first six months of turning age 65 since no health exam is required during this period.

**Disability:** This coverage may continue until you retire. When you stop working, you should consider canceling your disability insurance as the need for it has expired.<sup>1</sup>

**Life:** The financial obligations that drove your life insurance needs while you were raising a family may have evaporated. However, you may find new needs arising from estate issues, such as liquidity, creating a legacy, etc. Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

**Extended Care:** For some, extended care insurance is a priority in this stage of life. With the expense of children in the rearview mirror, you can now turn your focus to buying protection against, potentially, the most significant health care expense you are likely to face in retirement. Designed to pay for chronic, long-lasting illnesses and regular care, whether in home or at a nursing home, extended care insurance coverage is critically important since most of these costs are not covered by Medicare.

**Citations.** 1 - [chicagotribune.com/business/success/terraysavage/tca-disability-insurance-can-protect-you-from-unthinkable-20190410-story.html](http://chicagotribune.com/business/success/terraysavage/tca-disability-insurance-can-protect-you-from-unthinkable-20190410-story.html) [4/10/19]

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Our office and the markets will be closed on Friday  
July 3, 2020 for the 4<sup>th</sup> of July

