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Golden Strategies[®]

A Practical Financial Guide to Your Retirement



Thomas R. Lovell, MS CFP®
License #LA-679651 (New York)

PROFESSIONAL PLANNING GROUP

1 Alton Road, Suite C • Albany, NY 12203
(518) 869-0498 • Fax (518) 869-0499
E-mail: planman@ae.cadaretgrant.com

Rx for Health-Care Costs

In a recent survey, half of the people who said they were "very prepared" for retirement were still worried about being able to afford health care after they retire.¹ That's not too surprising, considering the rising costs of health care and the number of companies that are reducing or eliminating health coverage for retired workers.²

Although the cost of health care is something you can't control, estimating your expected costs and looking at your insurance options can help you plan appropriately.

Coverage Before Age 65

If you retire before age 65, when you become eligible for Medicare, you can expect to pay more for health insurance premiums, deductibles, and co-pays. A 55-year-old retiring today could expect to need \$83,000 to cover the cost of group insurance premiums and out-of-pocket expenses for 10 years. The amount needed for someone with a chronic medical condition requiring prescription drugs could reach as high as \$256,000 for the same period.³

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More Out of Your Pocket

In the next three years, employers are likely to make the following changes to their health-care coverage:



Source: CNNMoney, April 27, 2005

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Rx for Health Care

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Group insurance rates are typically lower than individual rates. You may have access to group health coverage through a current or former employer (as well as COBRA), or a professional organization.

If you don't have access to group insurance, you will need to buy an individual policy. Rates vary depending on your personal health and where you live.

Medicare Coverage

Paying for health care doesn't end when you become eligible for Medicare. In fact, it's estimated that a 65-year-old without employer health benefits would need about \$116,000 for Medicare supplemental and drug coverage through age 80.⁴

With Medicare, you have a choice of plans, including traditional Medicare, Medigap, and Medicare Advantage plans. And starting in 2006, people eligible for Medicare can enroll in a Medicare prescription drug plan.

When you calculate the cost of retirement, it's wise to factor in how much you will need for health insurance and prescriptions. You may find that earmarking funds now for future medical expenses will help ensure that you have the money when the need arises.

1) Yahoo! Finance, October 18, 2005
2-4) CNNMoney, April 27, 2005

A Portfolio to Retire On

It's a common misconception that household expenses will go down in retirement. But more than 50 percent of today's retirees say they need about the same or more income in retirement than they did in their working years.¹

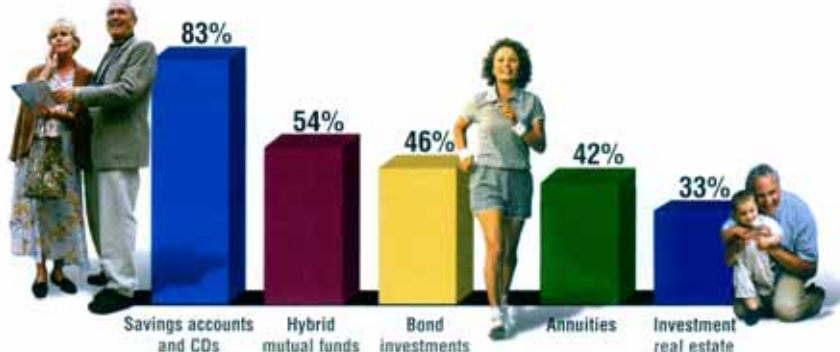
As a result, some retirees are searching for ways to increase their investment income. Although bond investments offering fixed returns are popular among retirees, they offer little or no flexibility for increasing earnings if the need arises. An additional financial vehicle to consider is an income mutual fund.

Mutual funds pool money from shareholders and invest in assets that may include stocks, bonds, and money market instruments to seek the fund's stated objective. Although shareholders can structure any of their mutual funds to generate an income stream, income mutual funds are specifically designed to provide a steady cash flow.

Income funds typically hold high-quality corporate bonds, lower-grade bonds, dividend-paying stocks, or a combination of these securities. Investors who are willing to assume greater risk may consider investing in growth and income funds. These funds invest in companies that seek earnings growth while also offering dividends.

Diverse Holdings

Percent of equity investors aged 65 and older who also own the following investments:



Source: Investment Company Institute, 2005. Note: Equity investors are households that own stock and/or stock mutual funds. Hybrid funds invest in a combination of stocks and bonds.

The return and principal value of mutual funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Regardless of how carefully you plan, the actual cost of retirement can be unpredictable. If you find yourself looking for ways to increase your portfolio's cash flow, an income mutual fund may be worth a second look.

1) 2005 Retirement Confidence Survey, Employee Benefit Research Institute



Think You've Outgrown Your Life Insurance? Think Again.

If you've retired or are close to retiring, you may be wondering what to do with your life insurance policy. Perhaps you bought it years ago to protect a growing family, but now your children are grown and you're not sure how it fits with your current situation.

Although your reasons for owning life insurance may have changed, a life insurance policy can help provide financial security for your beneficiaries. Before you let your policy lapse, consider the benefits of keeping it in force.

Financial Support for Your Spouse

The death benefit from a life insurance policy can provide much-needed funds to a surviving spouse. These funds can serve as a source of immediate income until Social Security or pension benefits kick in. They can also be used to help pay final expenses, such as funeral costs and possibly estate taxes, or help pay off a mortgage.

Inflation and Your Policy

When you first bought your policy, you had a certain level of coverage in mind. But over the years, the face value may not have kept up with rising prices. You may want to review your current policy to determine whether you need additional coverage.

Replace Lost Coverage

Many employer-sponsored life insurance policies are designed to terminate or significantly reduce coverage following an employee's retirement. If you've been relying on an employer plan to supplement your personal coverage, now may be a good time to review your options.

The cost and availability of life insurance depend on such factors as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable by having the policy approved.

After considering the many roles life insurance can play, you may conclude that your life insurance is more important than you realized. You may even find that you could benefit from additional coverage.

Should You Opt for More?

Most life insurance policies offer policy riders (an amendment to the policy that offers additional benefits) at an additional cost. Here are a few of the most common options:



- **Accelerated death benefit rider**
Allows a portion of the death benefit to be paid if the insured suffers from a terminal illness or requires long-term care.



- **Accidental death benefit rider**
Provides an additional death benefit if the insured dies as the result of an accident.



- **Disability income rider**
Determines a specific level of income to be paid to the policyowner if he or she becomes disabled.



- **Spousal rider**
Provides coverage on the insured's spouse.



- **Waiver of premium rider**
Keeps the policy in force if the policyowner is disabled or unable to work for a specified period of time.

Riders are not available on all policies. The riders available differ by product and life insurance carrier and may require underwriting. Any guarantees are contingent on the claims-paying ability of the issuer.





FINANCIAL FUNDAMENTALS

Reduce Your Risk of Identity Theft

Many people think that identity theft won't happen to them. Unfortunately, they may be mistaken.

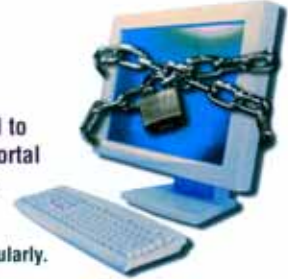
In 2004, identity theft was the top complaint registered with the Federal Trade Commission from consumers aged 50 and older.¹ In a recent study, more than half of affluent individuals said identity theft was their most pressing concern.²

Sadly, the risk of losing money and countless hours to identity theft is increasing. You may not be able to control whether you become a victim, but you can take steps to protect yourself. Here are a few quick tips:

- **Choose passwords that aren't easy to guess.** Don't use consecutive numbers, your mother's maiden name, or the last four digits of your Social Security number.
- **Order checks with your first initial instead of your full name.** If your checkbook is stolen, the thieves won't know how you sign your name.
- **Make a photocopy of everything in your wallet.** IDs and credit cards should be copied, front and back. That way, you'll know exactly what was in your wallet if it is stolen. Also, write "Check ID" or "Photo ID Required" in place of your signature on the back of your credit cards.

Safe and Secure?

Just as your front door is a portal to your home, your computer is a portal to your private files and records. Make sure it's shut tight.



- Update virus-protection software regularly.
- Don't open files sent to you by strangers.
- Use a firewall, especially if you have a high-speed Internet connection, which leaves your computer connected to the Web 24 hours a day.
- Before you get rid of an old computer, use a "wipe" utility program to completely scrub the hard drive.

Source: Federal Trade Commission, 2005

• **Stay informed.** Look over your bank and credit-card statements for strange entries. Request a copy of your credit report each year. Inquire about any unrecognized purchases.

You can help reduce your risk of identity theft with just a few simple steps. Please call if you would like to discuss strategies for protecting your assets.

1) *USA Today*, October 14, 2005

2) *InvestmentNews*, September 26, 2005

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Are you concerned about having enough income in retirement? Call today to learn more about different strategies and options.

For help with your financial decisions,

Tom Lovde