Public/Government Sector Newsletter
2015 3rd Quarter

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Steady as You Grow

CPS in the News

Events this quarter

"**CPS First Thursdays**:"

Florida Southern College,
Hollis Room,
11:30 AM to 1:00 PM

August 6th, 2015 :
Green Energy in Lakeland
Cynthia Clemmons,
Lakeland Electric

RSVP to:

CPS Investment Advisors
205 East Orange Street
Lakeland, FL 33801
863-688-1725 or
Esther@cpalliance.com
Lunch Provided

Contact us for more dates

RETIREMENT ROADMAP

The July 2015 quarterly newsletter is part of a series of newsletters discussing your retirement roadmap.

Manage Retirement Cash Flow

Whatever the size of your nest egg, retirement will likely mean big changes in your financial life. Sources of income can shift, as can expenses. And financial priorities often change as you move from saving for retirement to generating income from your hard-earned retirement savings. Step 1: Understand your options

Managing your retirement income

To start, consider the ways that retirement can change cash flow. Your weekly or biweekly paycheck may be replaced by income from a variety of sources, including Social Security benefits, pension distributions, or annuity payments. If you are age 70½ or older, you will be required to take minimum distributions from your retirement plans [401(k), 403(b), IRAs, etc.]. Some retirees may even generate income from part-time employment or sales of assets.

All of this means that money is arriving in varying amounts on very different schedules—most likely in the form of a check. To manage these income sources efficiently, you can set up direct deposit services, or use a financial institution that offers remote deposit—meaning you can log on to your computer and scan or snap a photo of a check with a smartphone.

Spending patterns will also likely change, reflecting both your new lifestyle and shifting financial responsibilities. When you retire, often nothing is being withheld for state and federal income taxes, so you may be responsible for any quarterly estimated taxes. Likewise, most retirees generally have to pay health care and other insurance premiums directly to the insurance carrier(s). Some retirees may also find they are traveling more or living in dual residences. All these situations can make monthly bill paying even more complicated.

This may include taking advantage of everyday financial management tools over the phone, on the Web, or via a mobile device. These days, technology makes it easy for people to effectively manage their regular financial transactions from anywhere. Doing so can eliminate worries about paying the mortgage bill, no matter where you happen to be.

Consider a bucket approach

One approach to consider is to bucket cash for different short- and longer-term needs, such as living expenses, short-term goals, and emergencies. Here are some ways to implement each:

Living expenses: You'll want to have a portion of your savings easily accessible and liquid for paying everyday living expenses such as groceries, utility bills, and insurance premiums. For these needs, you may want to consider keeping cash or cash equivalents invested in lower-risk, highly liquid investments such as money market funds* or short-term Treasury bills.

Short-term savings goals: If you have short-term savings goals, such as a car purchase or a dream vacation, you may want to consider investing in low-risk vehicles such as Treasury bonds and FDIC-insured CDs with maturities that correspond to the date you need the money.

Emergencies: You should review the adequacy of your emergency fund, or set one up if you have not already done so, keeping as much as six months of expenses for unexpected events, like a roof that needs to be replaced or another hefty bill you did not anticipate. You will need to take into account your expenses, liabilities, and other individual circumstances in order to determine a dollar figure that suits your needs.

How to tie it all together

The key is to make sure your money can be easily accessed, moved, and invested according to your needs, and, ideally, to do so in a way that mitigates overall fees. Some people opt to consolidate by putting all their funds into a group of accounts with a single provider so that money can move easily from one account to another. For example, you might have a basic checking or brokerage account for paying the bills with a variety of electronic options, including mobile or Web payments, electronic funds transfer, mobile check deposit, or similar services.

Look for a provider that offers options to easily transfer money from your retirement accounts, such as IRAs, into your cash account. Some firms will offer periodic withdrawal methods so you can harvest retirement assets or earnings on a schedule that fits your needs. Periodic withdrawals help you create a "just-in-time" income stream and allow remaining assets to produce potential earnings until you need more cash. If you are spending less than you expected, consider setting up access to a sweep system that automatically reinvests excess cash.

Make sure you have a clear picture of your finances

Finally, the retirement cash management system you create with your providers should offer a comprehensive view of your finances. Being able to access concise, up-to-date reports on your cash balances, transactions, and assets is a basic requirement and can help prevent unpleasant cash flow surprises.

Putting a good cash management system in place now can pay off in the future. For example, it can make it easier for you to handle your finances as you grow older. Make sure you record the specifics, such as direct deposits and automatic transfer schedules, so if you are unable to access your account(s), a properly authorized spouse or third party can make changes as necessary.

Taking the time to think through the "what ifs" of future cash management also means that you get to make the decisions about how you'll be using your financial resources during a retirement that may stretch 30 years or more.

So, the take away is simply this:

Retirement/financial planning should be an ongoing process throughout your lifetime. In particular, health care costs during one's retirement years are increasing at an alarming rate. Everyone should have a comprehensive retirement/ financial plan to assist and guide them towards achieving their retirement/financial goals. You should take (or make) the time to contact your trusted financial advisor and discuss these critically important issues.

Learn more about these retirement/financial planning issues at www.cpsinvestmentadvisors.com and click on the Publication Library tab for additional information.

Everyone's economic and life circumstances are unique, and I always keep that foremost in mind when providing retirement/financial planning advice. I firmly believe that personalized service is essential when matching individual clients with the appropriate retirement/financial planning strategies.

As a financial advisor, I am committed to learning about your personal retirement/ financial goals. Working together as a team, we will use your goals to build a retirement/ financial plan focused on your specific needs and help you achieve ***"financial security and peace of mind"*** during your lifetime.

I look forward to hearing from you. Please contact me at CPS Investment Advisors at 863-688-1725, mlawton@cpalliance.com

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Source: https:https://www.fidelity.com/viewpoints/retirement/managing-cash-flow?ccsource=email_weekly

Thank you for the many kind referrals sent to us. Referrals are the truest measure of your confidence in our firm and we appreciate the loyalty of our clients.