

BUILDING AND PRESERVING WEALTH

INVESTMENTS | TAX | RETIREMENT | INSURANCE | ESTATE

Quarterly Update
April 2015

Save the Date—09/29/15

Details to follow

Upcoming Seminar Navigating Medicare

You have questions.

1. How do I bridge the gap until I qualify for Medicare ?
2. Do I need a Medicare supplement or a Part D plan?
3. What will Medicare pay for?
4. How does Medical Assistance work?
5. Does long term care coverage make sense for me?

When it comes to Medicare, most people have questions about how the coverage works, and what options are best for them.

We have answers.



Attention Snowbirds:

Be sure to call us with your summer address so you are able to receive your mail during the summer

Webb Financial Group provides comprehensive wealth management solutions to individuals and businesses. For over thirty years, we have helped our clients achieve financial security.

Michael Bischoff, CFP® & COO

Gary Webb, RFC® & CEO

Dave Verbeke, Financial Advisor

Crystal Enderson, Financial Advisor

Leslie Webb, Investment Advisor

Michelle Brennan, Registered Paraplanner, RP®

Tim Greife, Financial Management Assistant

Jerry Webb, CFP® & Founder (retired)

Could you be the millionaire next door?

Fidelity recently reported that they had over 72,000 clients that had more than \$1 million in their 401k account! That number had more than doubled since 2012. Who are these people and how did they do it?



Dave Verbeke
Financial Advisor

One of the most important factors for success is that the 401k plan was created in 1981. Early adopters of this new benefit plan have had 34 years of contributions and investment gains to reach the \$1 million mark. If you do the math, that's only about \$29,000 a year between employee contributions, company match and compound gains to reach that amount. Certainly, \$29,000 is a large amount but it is attainable when you average it out over a 30 year plus career. What are some of the other keys to success?

- **People with a \$1 million account saved an average of 14% of their income in the plan.** If you don't think you can contribute that much, increase your contribution by 1% per year until you reach your goal. You can also increase your contribution when you get a raise to reduce the net effects of the increased contribution.
- **Max the match.** If your employer offers a match, make sure you're contributing at least enough to get the maximum employer contribution. Don't leave free money on the table. Many times the employer match is on a vesting schedule. If you're thinking about changing jobs make sure you are aware of the impact to your 401k account if you decide to leave.
- **Use professional investment management.** Diversification is an important driver of success. Webb Financial has a number of ways to help you manage the investments in your 401k account. If you have a brokerage option in your account we have investment managers that will create and manage a diversified portfolio based on your goals.

Is \$1 million enough? Using an industry standard of a 4% withdrawal rate that would give you \$40,000 a year from your 401k account. Social Security would add another \$27,000 annually for an upper middle class couple in retirement. You can quickly see how much it takes to replace your income in retirement. *A million doesn't go as far as it used to, does it?*

Other factors in retirement to plan for are medical costs. A 65 year old couple retiring today can expect out of pocket health care costs to be \$395,000 for the remainder of their life. A 55 year old couple can expect that number to grow to \$464,000 when they retire. That brings us to the last tip:

- **Contribute to your Health Savings Account (HSA) in addition to your 401k.** HSA contributions and payments are all pretax. You can only contribute to a HSA while you're employed so max it out if you can. HSA payments do not increase your gross income which helps avoid Medicare tax surcharges in retirement.

If you'd like help with 401k account management or would like us to prepare a retirement income projection to see if you are on track for retirement, please contact your advisor for advice.

WEBB FINANCIAL GROUP
WEALTH MANAGEMENT

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Is Your Money Safe with Us?

When meeting with new clients to our firm, sometimes we are asked “Is our money safe with you?” The answer is YES. We have internal policies and procedures we follow to ensure the safety of your money and personal information. Each year we do an annual compliance review that looks at trading, financial planning, investing, and security practices of the firm. We choose Schwab and Fidelity as the custodians of our clients’ accounts because they both are run by competent management, have a strong financial statement, and an unblemished regulatory record. Webb Financial manages the money in the accounts held at Schwab & Fidelity. Our clients own their accounts and are the only ones who can have access to the money in their account.



Crystal Enderson

Under the Investment Advisers Act Rule 206(4)-2/Custody Rule, advisors are required to maintain funds and securities with a “qualified custodian.” Schwab and Fidelity are qualified custodians who use their own clearing brokers. They are part of the Depository Trust and Clearing Corporation (DTC). DTC is like a huge file back-up system for everyone’s stocks, bonds, and cash in brokerage accounts. Clearing brokers must demonstrate to regulators that they have the capability to be part of this highly regulated system. They must reconcile cash and securities on a nearly daily basis with the DTC and all other firms, and are audited every week. The DTC system makes it nearly impossible for clearing brokers to commit fraud. Schwab and Fidelity are also Securities Investor Protection Corporation (SIPC)-member brokerage firms. SIPC protects against the loss of cash and securities – such as stocks and bonds – held by the customer at a financially-troubled SIPC-member brokerage firm. The limit of SIPC protection is \$500,000, which includes a \$250,000 limit on cash. You remember Bernard Madoff’s \$60 billion Ponzi scheme? Mr. Madoff used an SIPC brokerage firm for his clients’ accounts, and when it collapsed, SIPC and private “excess SIPC” coverage paid back the majority of Madoff clients.

To prevent wire fraud, our policy is that all requests for money are to be made verbally. Emails requesting money will not be accepted. We do not accept any deposit checks that are made out to Webb Financial Group. Checks for deposits into our client’s account should be made out to the appropriate custodian. We ask you do not send checks directly to the custodian, but give them to us for deposit. We do this so we can make a record of the deposit, and safely overnight the check to the appropriate custodian. You can rest assured that your money is safe with us.

Advantages of a Budget

Budgeting plays a large part in personal financial planning and how to manage your money. There are a number of reasons why people create budgets, but the main reason is to get control of your money. Here are six things a budget can help you with.



Michael Bischoff, CFP®

- **Set Goal** – There are always things that you want to do, but a budget helps you plan for things. Instead of continuously saying you want to do something, a budget forces you to take action and actually save toward your goals. Keeping track of your progress also serves as a motivator when saving toward a specific goal.
- **Overspending** – It is easy to spend money, but how often do you look at how much you have to spend. A budget helps you keep track of spending. When you have a predetermined amount to spend on different areas of your life, it is hard to overspend without noticing. The key is to stick to your budget.
- **Save For Retirement** – Using your money responsibly is important. Not only does your budget help you to spend responsibly, but if you don’t leave out things like investments and retirement you will be able to live comfortably in the future.
- **Prepare For Emergencies** – 3 to 6 months of expenses is the recommended amount to save for emergencies. If you don’t know your expenses than you cannot prepare for this. Setting up a budget helps you to become familiar with your expenses as well as set up an emergency fund.
- **Bad Spending Habits** – Creating a budget is enlightening and you may find that you spend way more money on unnecessary things than you thought. Creating a budget puts all of your spending into perspective and you may discover that you need to cut down in some areas.
- **Sleep** – When you have a budget you can sleep peacefully. Not worrying about your finances, because you have them planned out. Your budget can help you live a more peaceful and stress free life.

Budgeting is not something everyone likes to do, even with all the advantages. Some people find it restricting, and it can be. If you make realistic saving goals and leave room for some fun, a budget can make life much easier.