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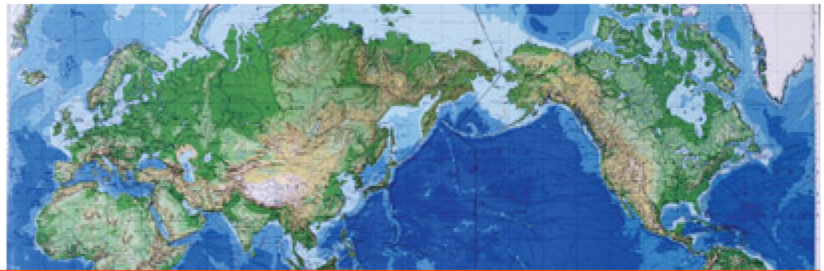

THE FINANCIAL FORMULA

Giving You The Financial Information You Need

April 2016

Hello FF readers! Please enjoy this month's newsletter, and - if you're still not an MF Advisers, Inc. client - let's schedule a meeting to discuss how we can best help you with your financial goals. Thank you all!

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In This Issue

Delaying Retirement May Provide the Financial Boost You Need

Americans are living longer, healthier lives, and this trend is affecting how they think about and plan for retirement. For instance, according to the Employee Benefit Research Institute, the age at which workers expect to retire has been rising slowly over the past couple of decades. In 1991, just 11% of workers expected to retire after age 65. Fast forward to 2014, and that percentage has tripled to 33% -- and 10% don't plan to retire at all.[1]

Working later in life can offer a number of advantages. Many people welcome the opportunity to extend an enjoyable career, maintain professional contacts, and continue to learn new skills.

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A Financial Boost

In addition to personal rewards, the financial benefits can go a long way toward helping you live in comfort during your later years. For starters, staying on the job provides the opportunity to continue contributing to your employer-sponsored retirement plan. And if your employer allows you to make catch-up contributions, just a few extra years of saving through your workplace plan could give your retirement nest egg a considerable boost, as the table below indicates.

A Few Extra Years Could Add Up

Year	Maximum Annual Contribution	Catch-Up Contribution for Workers Age 50 and Older	Total Annual Contributions
2015	$18,000	$6,000	$24,000
2016-2020	Indexed to inflation	Indexed to inflation	$??,???

Delaying Distributions

In addition to enabling you to continue making contributions to your employer's plan, delaying retirement may allow you to put off taking distributions until you do hang up your hat. Typically, required minimum distributions (RMDs) are mandated when you reach age 70½, but your employer may permit you to delay withdrawals if you work past that age.

Keep in mind that if you have a traditional IRA, you are required to begin RMDs by age 70½, while a Roth IRA has no distribution requirements during the account holder's lifetime -- a feature that can prove very attractive to individuals who want to keep their IRA intact for a few added years of tax-deferred investment growth or for those who intend to pass the Roth IRA on to beneficiaries.

A Look at Social Security

Your retirement age also has a significant bearing on your Social Security benefit. Although most individuals are eligible for Social Security at age 62, taking benefits at this age permanently reduces your payout by 20% to 30% or more. Waiting until your full retirement age -- between 66 and 67 -- would allow you to claim your full unreduced benefit. And for each year past your full retirement age you wait to claim benefits, you earn a delayed retirement credit worth 8% annually up until age 70.[2] Consider researching your options to continue working past the traditional retirement age. By remaining on the job, your later years may be more secure financially and more rewarding personally.

[1] *Employee Benefit Research Institute, 2014 Retirement Confidence Survey, March 18, 2014.*

[2] Social Security Administration. The benefit increase no longer applies when you reach age 70, even if you continue to delay taking benefits.

Will Debt Hinder Your Retirement Outlook?

Citing reasons why they are not saving (or not saving more) for retirement, workers pointed to their current level of debt as a key obstacle.

The number of Americans in or nearing retirement who are still holding significant mortgage, auto, even student loan debt has been rising in recent years. According to recent data released by the Federal Reserve Bank of New York, the average 65-year-old borrower has 47% more mortgage debt and 29% more auto debt than 65-year-olds had in 2003, after adjusting for inflation.[1]

One key takeaway from the trend, as cited by a Federal Reserve economist, is that since the Great Recession there has been a significant shift in the allocation of debt away from younger consumers with weaker repayment records to older individuals with strong repayment histories.[2]

While on the surface, this shift should not be cause for concern, if debt levels were to rise to the point where older Americans were struggling to repay debt as they entered retirement, the story could play out quite differently.

Is Debt an Obstacle to Your Retirement Readiness?

The Employee Benefit Research Institute's annual Retirement Confidence Survey has consistently made a connection between the level of debt and retirement confidence. For instance, citing reasons why they are not saving (or not saving more) for retirement, workers pointed to their current level of debt as a key obstacle. Just 6% of workers who describe their debt as a "major problem" say they are very confident about having enough money to live comfortably throughout retirement, compared with 35% of workers who indicate debt is not a problem. Overall, 51% of workers and 31% of retirees reported having issues with debt.[3]

Types of Debt Held by Workers and Retirees

Type of Debt	Workers	Retirees
Home mortgage	46%	23%
Car loan	38%	17%
Credit card	37%	27%
Student loan	23%	3%
Health/medical	21%	14%
Home equity line of credit	15%	17%
Loan from workplace retirement plan	5%	1%
Home improvement loan	4%	4%
Other	17%	9%

Source: Employee Benefit Research Institute and Greenwald & Associates, 2015 Retirement Confidence Survey.

If you are concerned with the impact your current debt load may have on your ability to save for retirement or on the quality of your lifestyle once you retire, speak with a financial advisor now. Together you can craft a plan to lower and/or eliminate your lingering debt.

[1,2]*The Wall Street Journal, "People Over 50 Carrying More Debt Than in the Past," February 12, 2016.*

[3]Employee Benefit Research Institute and Greenwald & Associates, 2015 Retirement Confidence Survey.

Recognizing and Avoiding Online Scams

Although online crime is a fast-moving target, currently, the primary methods in use by identity thieves are social engineering and phishing -- or typically a combination of both.

According to the Federal Trade Commission (FTC), identity theft is the fastest growing crime in America, affecting nearly 10 million people between 2010 and 2014. Further, the *2015 Identity Fraud Study* released by Javelin Strategy & Research calculated that in 2014 there was a new identity fraud victim every two seconds.[1]

This crime occurs when a thief obtains confidential information -- including passwords, personal ID numbers, Social Security numbers, or an account number used with a financial institution -- and uses it to commit fraud. Identity thieves use a victim's stolen information to open bank and brokerage accounts, run up bills for credit card purchases, obtain loans, and commit other forms of financial fraud.

Criminals obtain a victim's personal information in a number of ways -- both online and off. But as incidents of identity theft grows, so too does the arsenal of tools and sophistication level of techniques used to perpetrate the crimes.

Cybercrime: A Rapidly Shifting Model

Although online crime is a fast-moving target, currently, the primary methods in use by identity thieves are social engineering and phishing -- or typically a combination of both.

As the term implies, social engineering relies heavily on human interaction and often involves tricking unsuspecting victims into breaking normal security procedures. In short, it is a way for criminals to gain access to your computer or mobile device and the sensitive personal data it stores. For instance, a social engineer may use text messaging to contact a mobile device inviting the user to click on a link to a bogus website where the thieves collect user credentials and other personal information.

Similar results can be achieved through a phishing attack, in which the criminal uses email to lure victims to fake websites and then gain access to their passwords and usernames, credit card numbers, and other key data. Phishing emails often appear to be from a legitimate company that the victim recognizes.

In yet another instance, attackers may inject infected "malicious" code onto your computer via email attachments, links contained in emails, infected search engine results, or through videos and documents on legitimate websites, particularly social networking sites. In the mobile device world, criminals can corrupt a legitimate smartphone app and upload it to a third-party site. If users innocently install the app, they expose their devices to assaults by hackers who collect personal user data, change device settings, and sometimes even control the device remotely.

Don't Be a Victim

In today's 24/7/365 world, it is nearly impossible to secure all sources of personal information that may be "out there" waiting to be intercepted by eager thieves. But you can help minimize your risk of loss by following a few simple hints offered by the Federal Bureau of Investigation (FBI):

- Never divulge your credit card number or other personally identifying information over the Internet or telephone unless you initiate the communication.
- Reconcile your bank account monthly, and notify your bank of discrepancies immediately.
- Actively monitor your online accounts to detect suspicious activity. Report unauthorized financial transactions to your bank, credit card company, and the police as soon as you detect them.
- Review a copy of your credit report at least once each year. Notify the credit bureau in writing of any questionable entries and follow through until they are explained or removed.
- If your identity has been assumed, ask the credit bureau to add a statement to that effect to your credit report.
- If you know of anyone who receives mail from credit card companies or banks in the names of others, report it to local or federal law enforcement authorities.

Finally, be very wary of any email or text message expressing an urgent need for you to update your personal information, activate an account, or verify your identity. Practice similar caution with email attachments and downloadable files and keep your computers protected with the latest security updates and virus protection software.

[1] *"Identity Theft and Cyber Crime," copyright 2016, Insurance Information Institute, Inc.*

Get in the Habit -- Smart Investing Habits to Adopt This Year

Recognizing past investment mistakes is the first step in learning from them and modifying future behavior.

Some of your New Year's resolutions may be to break a few of your bad habits and to take on some new, positive habits. If you'd like to improve your investing habits, setting up daily, monthly, and yearly routines may help.

Daily Investment Habits

Simple day-to-day routines may be the key to your investment success. It's important for you to know where your investments stand and to learn from past mistakes. Taking the time each day to gather and record this information may help you throughout the year.

Develop a regular reading and research routine -- Set aside a small part of each day to read about investments. Perhaps a good time for you is while you're having your morning coffee. While there is a plethora of financial literature available, you don't need to read everything that is printed. Instead, carefully choose those publications or websites that give you a clear idea of how the market is performing. You should also read about your particular investments.

Keep a daily journal -- Jot down notes on trades you make, what happened in the market that day, and your perspective on the investment climate. Over time, your diary entries may reveal patterns and provide you with insight. Recognizing past investment mistakes is the first step in learning from them and modifying future behavior.

Monthly or Quarterly Investment Habits

Get in the habit of evaluating your investments on a monthly or quarterly basis. More frequent assessment isn't recommended because you may be tempted to make changes based on short-term fluctuations in your investment values.

Evaluate everything -- Take a look at how everything is doing -- not just your retirement accounts or your stock holdings -- to get an indication of overall performance.[1] Gains in one holding might be offset by declines in another, so you need to see the big picture.

Start keeping score -- Pick appropriate yardsticks to measure the performance of your investments. For example, choose benchmark indexes that track the returns of the types of securities in which you are invested. Once you've established your yardsticks, start keeping score.

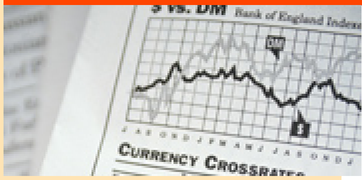
Yearly Investment Habits

Once a year, take the time to do a complete review of your investment strategies. Since it may be hard to stick to an annual habit, tie it to another yearly task, such as preparing your income taxes, spring cleaning, or end-of-the-year organizing.

Review your results -- Your routine investment habits may come in handy at the end of the year. Reading your investment diary should help you analyze your successes and failures throughout the year. Your scorecard may help you determine the effectiveness of your investment strategy.

Your financial professional can help you invest to meet your goals.

[1] *Investing in stocks involves risks, including loss of principal.*



"Chasing returns" by moving your money into whatever investment type or stock market sector happens to be doing well at the time rarely pays off in the long run.

Focus on the Forest, Not the Trees, of Investing

It's a message worth repeating. Investing is a matter of focus. Despite recent disappointments in stock market performance, investors who are willing to assess the whole universe of investment choices may find that the market continues to offer new possibilities. And those who keep their sights set on long-term investment goals may find that a "forest, not trees" approach to investing offers the greatest potential for success.

Focus is especially important for retirement savers -- those who are still in the accumulation stage -- as well as for retirees who need to keep the potential for growth alive in their portfolios.

Are You a Micromanager?

As a retirement saver, your employer-sponsored retirement plan gives you the freedom to make your own investment decisions. And because you can easily change plan investments, you may find yourself becoming a micromanager. That's an investor who changes investments frequently because of daily market movements instead of focusing on the big picture -- a long-term investment strategy. But "chasing returns" by moving your money into whatever investment type or stock market sector happens to be doing well *at the time* rarely pays off in the long run.

The Unknowable Future

The problem with chasing returns is that it's virtually impossible to predict how long a particular investment or market sector will continue to be a top performer. Eventually, another investment or sector will probably take over the lead, and there will be little or no advance warning. That can leave you in the lurch if you changed the investment mix of your retirement plan account based strictly on recent performance.

The Solution: Keep a Long-term Perspective

You may be much better off by the time you retire if you use a "forest, not trees" perspective when you invest. Concentrate on your goal, and choose an investment mix with the potential to help you reach that goal over time.

Your retirement plan offers several investment options, allowing you to choose a well-diversified investment mix for your account. The idea behind long-term investing is to choose a mix that offers you a realistic opportunity to achieve gains while reducing the overall risk to a level you are comfortable with.

After you've chosen your investments, you shouldn't ignore market and economic developments. But you'll generally want to stay with your plan unless you decide that changes in your personal situation or risk tolerance make an adjustment necessary.

If you're a "forest, not trees" investor, you can be much less concerned with what the markets do on a day-to-day basis. You'll be free to switch your investments, but you won't feel compelled to make a move every time the markets zig or zag.