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Asset Distribution versus Asset Accumulation

Consider these numbers when thinking about your retirement income needs and your investment portfolio.

There are 76 million baby boomers who will reach retirement in the next two decades. The oldest boomers turned 60 last January. A baby boomer turns 50 every eight seconds.

This translates into about 12,000 a day and 4 million per year. Today, 38% of the U.S. population is 50 and older. By 2020, that group will make up 47% of the population.

People are spending significantly more time in retirement than ever before. A 65 year old stands better than a 50% chance of living to at least 85 and a 30% chance of reaching age 90, according to industry studies.

These numbers by themselves are staggering and will have tremendous impact of the financial markets and the valuation of assets in the future. The pending retirement of the baby boomers could also create some interesting changes in the housing markets. When we look at these numbers, one of our biggest concerns is the increased stress the boomers will put on programs such as Social Security, Medicare and state and local support services.

Most retirees have spent their entire working lifetime accumulating wealth to produce the assets they will need to maximize their retirement savings and live a comfortable life. If government programs are required to increase support and payments to unprepared boomer retirees, then others will be called upon to pay higher costs in the form of means testing and potentially increased taxes. The focus has always been on accumulation of assets and now we are reaching a point where the emphasis needs to be placed upon developing a plan for effectively distributing income to meet this increased longevity. The need to develop a distribution strategy that addresses growth of assets, stability of assets and varying income needs is imperative as you approach and enter retirement.

We continue to invest in tools, research, and data and we are constantly reviewing new investment products that we feel will benefit you and your investment portfolios. Our goal is to not only meet our clients' wealth management needs, goals and objectives; but to anticipate them in the most effective and efficient way possible.

If you have any questions or concerns regarding wealth management issues, your investment portfolio or retirement income strategies, please contact us.

Source: *Center for Retirement Research, Boston College*

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