



# Westco Financial News

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## 7 Reasons Why It Is Important to Have a Retirement Plan

When you plan for your retirement, not only do you eliminate some of the stress of the unknown, but you also set yourself, and your family, up for a successful future. Here are seven reasons why having a retirement plan is a good idea.

### **You will no longer have to worry about your source of income.**

A main source of worry with our clients is where their money is going to come from during retirement. As much as we would like it to be, Social Security was not designed to be your main source of income. The Social Security Administration estimates that its payments will replace only about 40% of the average wage earners income after retiring, meaning you will need a way to make up the rest on your own. With the help of a retirement plan, you will be able to figure out where your income will come from.



### **You cannot work forever.**

While we would like to think that we can continue working at the same speed forever, it just isn't possible, nor would many of us want to. Therefore, thinking you will be able to work to fund your same standard of living just isn't possible for many of us. Planning your retirement wisely will allow you to retire when the time is right, not when you have to.

(Cont. on page 2)

## 7 Reasons Why It Is Important to Have a Retirement Plan (Cont.)

### **Your retirement can be filled with travel and bucket list worthy activities.**

When you picture your retirement, do you see yourself traveling and doing all the things you've always wanted to do but haven't had the time or money to do while you were working? Maybe you were busy moving up in your career, having a family, or buying a home. By planning for your retirement, you WILL have a chance at having the retirement of your dreams!

### **It will be easier adjusting to surprise expenses and financial needs after you retire.**

One benefit of having a retirement plan is being prepared for any surprises that might get thrown your way, such as a flooded basement or unexpected medical costs. By having a plan in place, you can be prepared for these unexpected, and costly, surprises.

### **Help to avoid any dramatic change in your lifestyle post retirement from your job.**

When you retire not only do you want to be able to do everything on your bucket list, but you also want to be able to live the same lifestyle you had while working. Without planning, you may end up with a retirement that looks drastically different than the one you imagined.

“When you plan for your retirement ... you set yourself, and your family, up for a successful future.”

### **Not be a burden for your family.**

As you get older, you won't want to depend on your family for help and be someone else's responsibility. You worked hard all your life and deserve to be fully dependent during retirement, and having a firm plan set will allow you to be.

### **Allows you to provide for children, grandchildren, and other family members.**

On the other side, while you may not want to fully support family members during your retirement, you may want to still contribute in some way, whether with your children or grandchildren. By creating a retirement plan, you have a better chance do this in the future.

While the information outlined above is extremely helpful, the best thing you can do is schedule an appointment with a certified financial planner who can help you create a retirement plan that is specific to your individual situation and goals. **Westco Financial Group** cares about your retirement and wants to help you be as prepared as possible. Call 516-593-5070 or email [clientsvc@westcofinancialgroup.com](mailto:clientsvc@westcofinancialgroup.com) to set up your complimentary appointment!

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## How Are You Planning for Your Healthcare Costs During Retirement?

An important part of your retirement plan is trying to anticipate what your future expenses will look like, including the cost of healthcare. Healthcare can be one of your largest expenses during your retirement, with Fidelity estimating that the average newly retired couple will spend \$285,000 for medical expenses, and this doesn't even include long-term care. You might be thinking to yourself that you're

healthy so your cost will be lower, but on the flipside, a healthier lifestyle might lead to a longer life expectancy, therefore needing you to plan for an even longer retirement.

While there are many factors that go into successfully planning for your healthcare costs during retirement, in this article we're going to break down a few of the important ones to get you started.

### **Medicare**

Many people assume that Medicare will cover most of your medical expenses in retirement, but it unfortunately will not. For starters, if you retire before age 65 when you're eligible for Medicare, you'll have to pay for your own coverage until your turn 65. Then, while the most basic Medicare plan is free for most people, you're still responsible for certain costs, such as deductibles and co-pays. Lastly, without certain plans you will not get complete coverage, for example in order to get prescription drugs covered you will also need Medicare Part D. Here is a quick breakdown on each part, but for full information, please make sure to see the Medicare website ([link to Medicare website](#)) and talk to a professional retirement planner.

- **Part A:** covers hospital costs after you meet your deductible and the coverage is "free" if you paid into Social Security for 10 years.
- **Part B:** coverage for outpatient costs, such as doctors' visits, physical therapy, etc., and some preventative screenings. It is optional but has an annual premium.
- **Part C:** also known as Medicare Advantage, is a private plan run through Medicare and is equivalent to part A & B, but each plan varies in what they offer. For example some plans offer prescription drug coverage.
- **Part D:** prescription drug coverage purchased through a private insurer.
- **Medigap insurance:** insurance you can purchase through a private insurer that provides coverage for things that Medicare does not cover. You can use your Medigap policy to pay for expenses you have under Medicare, such as co-pays and deductibles. Also, if you choose to have a Medicare Advantage plan, your Medigap insurance will not pay out, so you would need to get rid of your Medigap insurance.

### **Health Savings Account (HSA)**

HSA accounts offer triple tax advantages: your contributions are deductible, it grows tax-deferred, and your withdrawals are tax-free for qualified medical expenses, such as Medicare premiums and long-term care insurance premiums. For 2019 the regular HSA contribution limit is \$3,500 for individual coverage and \$7,000 for family coverage, which combines employee and employer contributions. Individuals age 55 or older can make catch-up contributions of \$1,000 per year more, in addition to their regular contributions. One downside is that those enrolled in Medicare can no longer make new contributions to an HSA.

### **Long-term care insurance (LTC)**

LTC insurance is a way to help cover future expenses that will not be covered by regular health insurance, such as longer stays in a nursing home (Medicare only covers short nursing home stays or limited amounts of home healthcare). The two main reasons that people purchase LTC insurance is to protect your savings, since long-term care can quickly deplete your retirement savings, and to give you more care options, such as better nursing homes or in-home care. Did you know that Westco Financial Group can help you with all of your LTC insurance questions? Call our office today!

We know that planning for your retirement can be very stressful, especially when there are so many unknowns. Westco Financial Group is here to plan for those unknowns and help you have the retirement of your dreams!

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## What's Happening at Westco?

Congratulations to **AJ Drummond** on passing the series 65 exam! AJ is now a licensed investment advisor and Westco Financial Group is proud to have him on our team!

