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U C C E S S

SPRING 2019

## It is with great sadness that we announce that the founder of Nebel Financial Services, Louis “Lou” Nebel of Burke VA, passed away on February 4, 2019 at the age of 85 years.

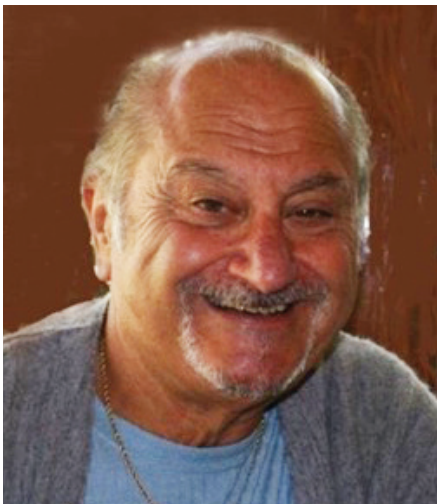
**L**ou was born in New York City, on April, 20, 1933 son of the late Phillip Miller and Edith Nebel. He is survived by his beloved wife of 65 years, Beverly F. Nebel, son Preston Nebel, daughter Eva Burroughs (John), granddaughters Erika Griffin (John) and Denise Burroughs and Sister-in-law Marcia Nebel. Lou is

also lovingly remembered by many nieces, nephews and other dear family members and a host of longtime friends and colleagues. He was preceded in death by his son Mark Steven Nebel and

his brother Leo Nebel.

Lou was raised in Brooklyn and the family moved to Newark, NJ where he spent his formative

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### Avoid This Mistake

**F**inding a way to live decades in retirement without worrying about running out of money can seem like an overwhelming task. With all the potential for missteps, what is the one mistake you want to avoid at all costs? Dipping into your retirement savings. Unfortunately, since the funds in your 401(k) plan or IRA belong to you, they often seem like a tempting place to get funds for other purposes.

Tax laws don't help, since they often provide tax-advantaged ways for you to access those funds. Loans from 401(k) plans are not taxable events. When leaving an employer, you can withdraw money from your 401(k) plan (you will have to pay income taxes and possibly an IRS 10% early withdrawal penalty). Contributions to Roth IRAs can be withdrawn at any time with no tax consequences. Withdrawals from traditional IRAs before the age of 59½ can be made under certain circumstances.

Saving for retirement is a difficult task for most people, without making it more difficult by using retirement funds for other purposes. Even if the amount seems small, don't withdraw funds from your retirement account. ○○○

## Louis Nebel

*Continued from page 1*

years. He attended the Newark College of Engineering where he and Beverly married after his sophomore year. During his senior year Lou joined the Air Force ROTC pilot training program where he received a USAF commission after graduation. Lou spent the next 22 years in the Air Force where he was stationed throughout the US, Southeast Asia and Europe. During which time he held a myriad of positions from pilot, flight instructor to several command and staff positions. His further academic achievements include a Master of Science in Industrial Engineering degree from Texas A&M University. His last assignment was at the Pentagon, before retiring with honor and distinction in 1978 after achieving the rank of Lt. Col. After retiring from the Air Force, Lou and family remained in the area residing in Burke VA. Lou joined the private sector where he worked in the defense industry for several years; spent many years in the restaurant business as owner of the Palazzo restaurant in Annandale; Lou then joined the financial sector as a stock broker at a successful brokerage house and eventually left to form Nebel Financial Services in 1991 where he discovered his true passion. Lou spent the next 21 years as a President of NFS before retiring in 2012.

Lou was a member of Rotary International; he loved golf, skiing, swimming, boating and especially spending time with family and friends. He was also a long time member of the Congregation Adat Reyim in Springfield, VA.

## Life Events that Require a Financial Plan

**W**hether positive or negative, there are certain life events that trigger the need for a financial plan or the review of a current plan. If you experience any of these life events, take the time to plan for a secure financial future.

### You Graduated

This is an important time to develop a plan, because most graduates have student loan and credit card debt. Financial planning is equally as important for paying off debt as it is for saving and investing.

### Your First Job

You've landed your first job and are making real money for the first time. Developing a financial plan early in your life is one of the best things you can do for yourself. There are many things you probably want such as a new car and many more life events you will experience that you should plan for while young.

### A Walk Down the Aisle

As couples marry later these days they often have more assets (or liabilities) than in the past, so combining finances can be quite complicated. This is an extremely important time to develop a joint financial plan so there are no misunderstandings, especially if either partner is bringing financial responsibilities like children into the marriage.

### A Pink or Blue Bundle

It's a very busy time in your life, but as you're picking out the perfect name and getting everything ready for your baby, you should also fit in some time for financial planning. With college tuition soaring, it is not too early to begin saving for college. It is also advisable to review any existing

life insurance policies or obtain a policy.

### California or Bust

If you are moving to a new state, you should also make a move to review your financial plan. Tax rates and the cost of living could be dramatically different in your new locale. You may also have some significant moving-related expenses that you have to cover.

### Aunt Millie Left You an Inheritance

While you are touched by her generosity, receiving a lump sum of money also comes with financial responsibility. In addition to ensuring you don't blow all the money, there are other things you need to plan for, including taxes and ongoing money management.

### A Generous Severance

While some people are devastated, others are planning a vacation. Either way, this is an emotional time; and it's important to understand the financial issues associated with severance packages. Make sure you understand all of the conditions of severance and the tax implications before you sign the agreement.

### Retirement Is Always Closer Than You Think

Retirement is probably the single biggest event you will ever save for, so start a plan as early as possible to make sure you are saving enough during your peak earning years. If you are in your 40s or 50s and have not developed a financial plan for retirement, get started as soon as possible with retirement catch-up strategies.

Please call if you'd like to discuss your financial plan in more detail. ○○○

# How Much Do You Really Need to Retire?

There is no one golden amount to aim for in retirement. Everyone is unique and specific retirement plans depend on factors that are more complex than a generic one-size-fits-all plan can successfully navigate. However, when deciding where to start when it comes to saving for retirement, there are a few common goals people can keep in mind.

## Goal #1: Saving \$1 million (for a \$40,000 per year income over 30 years of retirement)

Depending on where you live and what activities you plan for your retirement, a goal of \$1 million may or may not actually meet your needs. While it seems like a large amount, remember that you need it to last for the entirety of your retirement. In some states, the cost of living is so high that \$1 million won't even sustain you for 20 years into your retirement.

In 2017, GOBankingRates determined the average total expenditures for people 65 and older (including groceries, housing, utilities, transportation, and healthcare) and multiplied that amount by the cost of living index of each state in the U.S. They then used that amount to determine how long a theoretical \$1 million retirement fund would last in each state. The four most expensive states were Hawaii (\$1 million would last just

under 12 years), California (16 years, 5 months), Alaska (17 years), and New York (17 years, 1 month). To stretch your retirement dollars further, one would need to consider residing in one of these four cheapest states: Mississippi (\$1 million would last 26 years and 4 months), Arkansas (25 years, 6 months), Oklahoma (25 years, 2 months), or Michigan (25 years).

If you plan on retiring in the same state in which you live today, make sure you check to see how much your cost of living would be for your specific situation. Remember you will also have Social Security to tap into, but that amount will likely not make up the difference in the most expensive states. Likewise, if you are still carrying a mortgage into retirement or want to go on expensive vacations, plan on saving beyond the \$1 million mark.

## Goal #2: Replacing 70%–80% of preretirement income

Income replacement rates refer to the percentage of your preretirement income you would need to replace to maintain a similar standard of living once you retire. The general rule of thumb is that most people will need 70%–80%, but this is not always an accurate assessment, since it assumes that expenses decrease after retirement. In truth, many people find that their expenses increase.

Retirees are no longer contributing to a 401(k) plan or commuting to work, but they sign up for classes and outings, go on indulgent vacations, and often contribute to their grandchildren's school trips and college funds. Many of the things you dream of doing once you retire cost money, and that is why those looking forward to an active retirement should try to get to a replacement rate closer to 100% of their preretirement income.

## Goal #3: Saving 10%–15% of your current income

If you start saving 10% of your income at age 25, you could retire at 65 with a 70% replacement rate. Most twenty-somethings now are struggling with a high amount of student loan debt, so it can be difficult for them to put that 10% toward retirement instead of paying down loans. But consider this: if you wait until later to start saving for retirement, the squeeze on your paycheck will be much, much tighter. A 45-year-old who wants to retire at 65 with a 70% replacement rate will need to save more than a quarter of their income to reach that mark. The majority of people have a mortgage and a family to provide for at that point, so aggressive saving is often not realistic.

The younger you start, the easier it is — both in regards to the percentage you need to put away and in developing a habit of saving for your future. A 10%–15% saving target will lay down a solid foundation that will set you up for growth and success later on.

## Goal #4: Your customized retirement number

Just as your retirement goal must be realistic for your resident state and the activities you want to pursue, it truly must be designed with your desired standard of living in mind. This will need to include anything you will ultimately want to leave for your children or charity in addition to providing for potential health problems you or your spouse could face. That is why common goals are really just a starting point: the nitty-gritty details depend on what is achievable for you and how much it will take for the retirement you want.

Please call if you'd like to discuss how much you'll need for retirement in more detail. ○○○



## Assess Your 401(k) Plan

**A**t least annually, you should thoroughly review your 401(k) plan. Some items to consider include:

✓ **Have your goals or objectives changed?** Take time to reassess your goals and objectives, which can impact how much you contribute and how you invest those contributions. Calculate how much you'll need at retirement as well as how much you should save annually to meet that goal.

✓ **Are you contributing as much as you can to the plan?** Look for ways to increase your contribution rate. One strategy is to allocate any salary increases to your 401(k) plan immediately, before you get used to the money. At a minimum, make sure you are contributing enough to take full advantage of any matching contributions made by your employer.

✓ **Are the assets in your 401(k) plan properly allocated?** Some of the more common mistakes made when investing 401(k) assets include allocating too much to conservative investments, not diversifying among several investment vehicles, and investing too much in the employer's stock. Saving for retirement typically encompasses a long time frame, so make invest-

ment choices that reflect that time period. For many, that means a significant portion of their assets should be invested in growth vehicles.

✓ **Do your investments need to be rebalanced?** Use this review to ensure your allocation still makes sense. Also review the performance of individual investments, comparing the performance to appropriate benchmarks. You can't just select your investments once and then ignore the plan. Review your allocation annually to make sure it is close to your desired allocation. If not, adjust your holdings to get your allocation back in line. Selling investments within your 401(k) plan does not generate tax liabilities, so you can make these changes without any tax ramifications.

✓ **Are you satisfied with the features of your 401(k) plan?** If there are aspects of your plan you're not happy with, such as too few investment choices or no employer matching, take this opportunity to let your employer know.

Please call if you'd like help reviewing your 401(k) plan and investments. ○○○



## Retirement Fund Drawdowns

**Y**our withdrawal amount can be calculated based on your life expectancy, expected long-term rate of return, expected inflation rate, and how much principal you want remaining at the end of your life. Guess wrong on any of those variables, and you risk depleting your assets too quickly. Consider these strategies:

✓ **Use conservative estimates in your draw-down calculations.** Add a few years to your life expectancy, reduce your expected return a little, and increase your inflation expectations. That will result in a lower withdrawal amount, but it will also help ensure your funds won't run out.

✓ **Review your calculations every couple of years.** This is especially important during your early retirement years. If you find you're depleting your assets too rapidly, you may be able to go back to work on at least a part-time basis.

✓ **Place three to five years of living expenses in short-term investments.** That way, if there is a severe market downturn, you won't have to touch your stock investments for at least three to five years, giving them time to recover. ○○○

*"Nothing ever comes to one,  
that is worth having,  
except as a result of hard work"*

~ Booker T. Washington