Are you facing a retirement income gap? Will you outlive your assets? As lifespans continue to stretch, investors are facing an increased need for long term planning strategies. It is important to consider your needs and weigh all your options. But most importantly, do not go it alone. Let us help you create a sound retirement plan for your next 30 years.

Lucas M. Brown
Registered Principal
Victoria L. Holt
Investment Representative
7889 Red Arrow Highway
Mail: P.O. Box 198
Stevensville, MI 49127-0198
(269) 982-2710 office
(866) 751-1241 toll free
(269) 924-0959 fax
lucas.brown@lpl.com
victoria.holt@lpl.com
www.lpl-swmi.com

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Inflation & TIPS: What's the Connection?

With the Federal Reserve moving to raise interest rates in June for the third time in six months, investors may be concerned about rising inflation and its potential effect on their fixed-income portfolios. If you count yourself among them you may want to consider an investment in TIPS—Treasury Inflation-Protected Securities.

TIPS are bonds issued by the U.S. Treasury that help to provide a hedge against the effects of inflation by tying the bond's principal value to the Consumer Price Index (CPI). With inflation (a rise in the CPI), the principal increases. With deflation (a drop in the CPI), the principal decreases.

TIPS are considered a low-risk investment since they are backed by the full faith and credit of the U.S. government and since their value rises with inflation, while their interest rate remains fixed. Interest on TIPS is paid semiannually and is subject to federal taxes, but is exempt from state and local income taxes.

The chart below shows how inflation sometimes outpaces the earning potential of fixed-rate investments. TIPS will compensate for this by guaranteeing a percentage spread between inflation and the bonds' yields.

Payout Tips

Like conventional Treasury notes and bonds, TIPS make interest payments every six months and a payment of principal when the securities mature. However, unlike conventional Treasury notes and bonds, both the semiannual interest payments and the final redemption payments of TIPS are tied to inflation. Thus, the relationship between TIPS and the CPI affects

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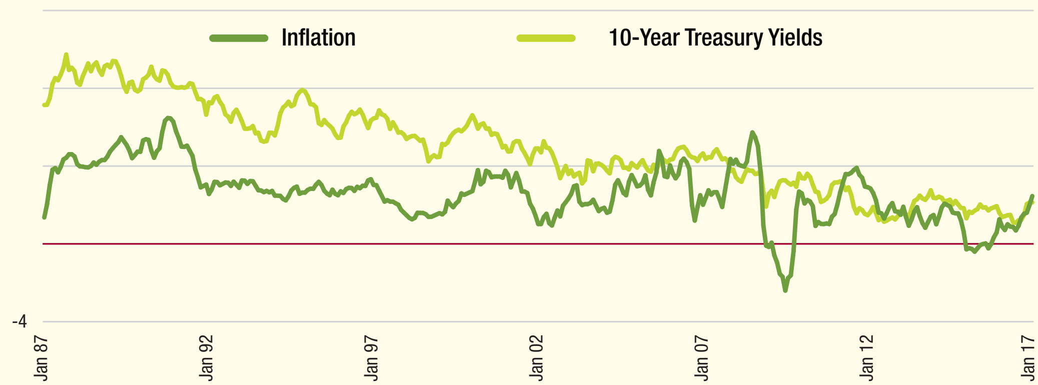
Inflation and Yields on Long-Term Treasuries



Source: ChartSource®, DST Systems, Inc. Inflation is represented by the 12-month rolling change in the Consumer Price Index. Yields on 10-year Treasuries based on data published by the Federal Reserve. It is not possible to invest directly in an index. Index performance does not reflect the effects of investing costs and taxes. Actual results would vary from benchmarks and would likely have been lower. Past performance is not a guarantee of potential benefits.

Staying Current With Your Life Insurance Needs

When was the last time you reviewed your life insurance coverage? If it's been more than a year, you may be due for a checkup. Life changes quickly, and so can your policy needs.

If you have recently experienced a change in marital status or the birth of a child, or if you are preparing to transfer wealth to heirs, it may be time to take a thoughtful look at your insurance coverage.

Key Considerations

An annual review of your insurance needs can help determine whether your existing coverage is still adequate and can help identify the areas that may need further attention. As part of your annual review, consider assessing three key aspects of your life insurance policies:

1. **Purpose—**Why did you originally buy the policy, and have your circumstances changed since then in ways that might change your life insurance needs?

2. **Ownership and beneficiary designations—**In whose name is the policy titled, and who have you listed as the beneficiaries? Changes in family circumstances often necessitate policy updates in these areas.

3. **A better deal?—**A life insurance review may reveal opportunities where you could obtain the same amount of coverage for less money, or more coverage for the same premium you're paying now.

Strategies for the Ages

In addition to reevaluating the basics of your policy using the criteria listed above, it's also important to consider life insurance strategies from a life-stage perspective. Generally, life insurance experts suggest that there are three demographic groups that may benefit most from a life insurance review:

1. **Young and just starting out:** In the case of your untimely death, life insurance can help your family meet short-term needs, such as paying funeral expenses, medical bills, legal fees and any outstanding debts you may have left behind. Over the long term, insurance proceeds can be used for ongoing priorities, such as rent or mortgage payments, child care, routine household expenses and education expenses. Generally speaking, life insurance is cheaper and more easily obtained at younger ages.

2. **The middle years/empty-nesters:** It's a common misconception that only people with young children need life insurance. Even if your children are grown up and financially self-reliant, life insurance may still play an important role in your financial strategy, supplying financial support for a widow, widower or other loved one who currently relies on you.

3. **Older and affluent:** Older and/or more affluent people may consider life insurance as a tool to transfer wealth to heirs and/or a favorite charity. The assets could also be used to pay final expenses or any estate taxes that may be owed or to supplement a surviving spouse's income.

Contact your financial advisor to conduct an annual insurance review or to learn more about the uses and benefits of life insurance at every stage of life.

This Is Not Your Parents' Social Security

The income replacement rate that Social Security provides to two-earner married couples has been in steady decline for the past several decades and will continue to drop. So says a report published by the Center for Retirement Research at Boston College.

What's behind the trend? The study claims that the decline is due to a gradual erosion of "family benefits"—Social Security spousal and survivor benefits—that guarantee the spouse with lower lifetime earnings a benefit based on the higher earner's record. Family benefits came about in the 1930s when the typical family unit consisted of a husband, who was the breadwinner, and the wife, who was a full-time homemaker. As late as 1960, more than half of women receiving Social Security retirement benefits collected only as a spouse or survivor, with their benefits based solely on their husband's earnings record.[1]

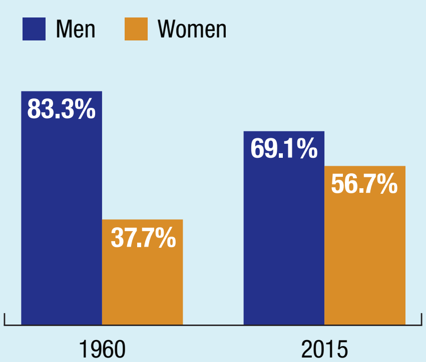
Over the years, as more married women entered the workforce, family benefits began to decline as a source of household retirement income. This decline has been the main catalyst behind the erosion in household Social Security replacement rates, which have dropped from about 50% for older couples born in the early 1930s to 45% for the oldest baby boomer couples.[1]

Further, as women work more and earn more they increase a couple's preretirement earnings so that their replacement rate—which is the household's total Social Security benefit as a percentage of preretirement earnings—declines.

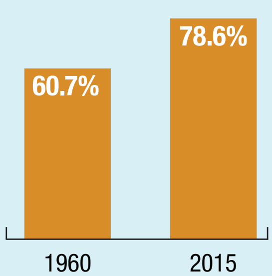
Evolving Roles

Fast-forward to the current environment and the family unit has changed dramatically. Almost as many women as men work outside the home, earning incomes close to those of their male counterparts.

Labor Force Participation Rates



Women's Earnings as a Percentage of Men's Earnings



U.S. Department of Labor, "Facts Over Time." Earnings ratios are based on median annual earnings of full-time, year-round workers. Most recent data available.

Social Security Benefits—Planning Is Everything

Social Security should be a part of your retirement income planning. Prior to retirement, work with your financial advisor to determine an appropriate time frame for applying for Social Security benefits. If you plan to apply before your so-called "full retirement age," you can expect to receive lower monthly benefits. Delaying your application could increase your benefits.

Also, remember that Social Security benefits don't automatically increase every year, though they typically are raised to reflect an increase in the cost of living.

Visit the Social Security's Retirement Planner page, which lists full and partial benefits by year of birth. In addition, detailed information about your specific situation is available from the Social Security Estimator, available at www.ssa.gov/estimator/. Contact Social Security at least three months before your expected retirement date to apply for benefits.

[1]Center for Retirement Research at Boston College, "How Work and Marriage Trends Affect Social Security's Family Benefits," June 2016.

Inflation & TIPS: What's the Connection? (Continued from page 1)

both the sum you are paid when your TIPS mature as well as the amount of interest you receive on a semiannual basis.

At maturity: You receive the adjusted principal or the original principal, whichever is greater. In this way TIPS also offer investors some downside protection against deflation.

Interest payments: TIPS pay interest at a fixed rate. But because that rate is applied to the inflation-adjusted principal rather than the original value of the bond, if inflation were to rise or fall throughout the term of the security, interest payments may differ from one period to the next.

Purchasing TIPS

TIPS are sold in maturities of five, 10, and 30 years from TreasuryDirect.gov or through a bank or broker using either competitive or noncompetitive bidding.

With a noncompetitive bid, you agree to accept the yield determined at auction. You are guaranteed to receive the TIPS you want. With a competitive bid, you specify the yield you are willing to accept and your bid may be:

- Accepted in the full amount you want if your bid is *less than* the yield determined at auction.
- Accepted in less than the full amount you want if your bid is *equal to* the yield.
- Rejected if the yield you specify is *higher than* the yield set at auction.

An individual can place a noncompetitive bid directly via TreasuryDirect.gov, a bank or a broker. Competitive bids must be placed through a bank or broker.

Another way to purchase TIPS is through an exchange-traded fund (ETF) or mutual fund that holds TIPS with varying interest rates and maturities.[1] With TIPS funds, investors have the option of automatically buying more shares with their earnings, while those who invest directly in TIPS would need to purchase new TIPS in order to keep their TIPS earnings fully invested.

While TIPS may be an appropriate investment for those in or near retirement, they may not be right for everyone. Speak with your financial advisor about the pros and cons of an investment in TIPS—including the tax ramifications—before making any decisions.

[1]Investing in mutual funds and ETFs involves risk, including loss of principal.

Treasury Inflation-Protected Securities, or TIPS, are subject to market risk and significant interest rate risk as their longer duration makes them more sensitive to price declines associated with higher interest rates.

Health Savings Accounts (HSAs): At a Glance

Together with a high-deductible health insurance plan, HSAs may offer potential tax advantages not available with more traditional health care plans. But HSAs are not for everyone and may not fit your specific needs. Check with your insurance company or employer to see how an HSA plan might differ from your current plan.

Eligibility

- Must be enrolled in a qualified high-deductible health insurance plan
- Cannot be covered by another disqualifying health plan
- Cannot be eligible for Medicare benefits
- Cannot be a dependent of another person for tax purposes

2017 Contributions

- Up to $3,400 for single coverage
- Up to $6,750 for family coverage
- An additional $1,000 is permitted for those over age 55

2017 HDHP Minimum Deductibles

- Self only: $1,300 | Family: $2,600

2017 HDHP Maximum*

- Self only: $6,550 | Family: $13,100

*Out-of-pocket (deductibles, co-payments and other amounts, but not premiums)

Tax Treatment

Contributions are tax deductible; pretax if made through an employer

- Interest or other earnings on assets are tax deferred and potentially tax free
- Withdrawals for qualifying health care costs are tax free
- Nonqualified withdrawals are subject to taxes and a potential 20% penalty

Allowable Expenses

- Any ordinary medical, dental or health care expense that would qualify as a tax-deductible item under IRS rules, such as a doctor's bill, dental procedures and most prescriptions
- Some insurance premiums