

News & Notes

HOW WE SPEND OUR TIME

When I was a child the only television my father ever watched, and I with him, was the Jackie Gleason Show. Mostly I think he loved the dancing girls. Later in my teens he faced some difficult times and, probably for distraction, began to channel surf (which in those days provided a measure of exercise given the need to get up from one's seat in order to change stations). Often at the end of a movie he would, sounding disappointed in himself, press the off button with vehemence and pronounce to no one in particular what a senseless waste of his time it had been.

I experience that same sentiment of late around what is written in the press. I have come to realize that writers are hired to fill pages and airwaves and that sometimes there really is nothing to say, but write they must. So when the Cornerstone newsletter needs to be created and produced I resist: will clients feel that reading it has been a "senseless waste of time"? What can we say that is worthwhile?

As it happens, I just finished reading Atul Gawande's "Being Mortal". The book is disturbing as it describes the physical and mental changes that occur as we grow old (and makes me respect even more those who think and move

slowly). A doctor himself, Mr. Gawande evaluates medicine's treatment of both the aged as their bodies begin to fail and of those any age with terminal cancer diagnoses. The medical approach is to employ every possible strategy to prolong life absent any conversation around alternatives. The author plots his own journey of discovery, the outcome of which bears an interesting parallel to our financial planning work: people need to first fully understand their present situation; then through considerate discussion be guided in clarifying what brings purpose and meaning to them; and finally to weigh the trade-offs of particular actions against those stated goals. And so, in the end, as it is now, quality (not just quantity) of life matters.

~ Susan

You might be interested in reading Dartmouth Associate Professor David McCullough's article about "Slow Medicine" at: http://dartmed.dartmouth.edu/spring08/html/grand_rounds.php or his 2008 book which the article is based upon: "My Mother, Your Mother: Embracing Slow Medicine"

Look back on Time, with kindly eyes -- He doubtless did his best --
 How softly sinks that trembling sun In Human Nature's West E.Dickinson

6 WAYS TO SAVE TIME

Personal Finance

Bank Mobile Apps: No trips to the bank necessary. Even the smaller banks now offer mobile check deposit and bill payment. Everything you can do from the website you can now do from your phone (maybe while sailing down the coast of Maine!)

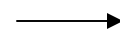
Venmo: The age old question of how to split the dinner check or owing friends for events? Hassle be gone – when using this phone app friends and family can quickly send money from their checking account to yours (same bank not needed)! You can even add a note detailing what it was for.

Mint.com: This is my all-time favorite when it comes to personal finance. Mint seamlessly links your bank, investments, and credit card accounts. You can track expenses by creating custom categories, and even do this on the go with the mobile app. Mint is also great as a budgeting tool, giving you real time updates on your spending.

Efficiency

TripIt: When on vacation keeping all your flight itineraries, hotel and rental car reservations, along with your reward cards can be complicated. TripIt creates detailed itineraries of your travel by scanning your email and then stores it all in an app you can access on your phone.

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. . . 6 WAYS CONTINUED

LastPass: The effort we expend storing and locating passwords to log into the various websites we access daily or monthly seems better spent. With Last Pass the program remembers it for you and also makes your password more secure!

Unroll.Me: Deleting spam or junk email eats into free time when we could be lounging in a hammock or enjoying a sunny day at the beach. This time hack instantly allows you to unroll from unwanted emails and also lets you to consolidate ones you do want into a single daily email.

Summer is fleeting and precious. Incorporating some of the above tools may just free you up to more fully enjoy the season!
~Mackenzie

LONGEVITY INSURANCE: A GAMBLE NOT WORTH MAKING

Insurance is often thought of as a gamble. The premium you pay the insurance company is made to offload the risk you will have a large loss or expense from a catastrophe such as a house fire, disability, or a spouse's death. While you may never collect on the policy the gamble is worth taking because the potential loss is far more than the premiums paid.

Longevity policies are a relatively new breed of insurance, born from the fear that one may outlive his or her retirement resources. This fear, coupled with advances in medicine that enable us to live longer, is not unwarranted for individuals who have not saved enough, or much at all, for retirement.

Longevity insurance provides guaranteed income for life once a certain age is attained. It is a deferred annuity, which means money is paid into the policy now but the benefit is not accessed until a later date. The size of the payout is determined on the date the policy is purchased and depends on life expectancy, prevailing interest rates and the lump sum paid into the policy. As an example (and this is purely an estimate) a 65 year old who buys a \$50,000 longevity insurance policy would expect to receive about \$15,500 annually beginning at age 85.

At first glance this seems attractive. But there are facets of these policies that make them less appealing. There is no inflation option built into the payment, so the offer today to receive \$15,500 at age 85, assuming 3.5% average inflation over 20 years, is the equivalent of about \$7,789 in today's dollars. Adding an inflation rider significantly increases the cost of the policy. In addition most policies do not offer a death benefit, so the money used to purchase the policy is forfeited if the owner dies before reaching the age to collect. The premium also is non-refundable.

It is hard to determine for whom longevity insurance is best suited. For those who saved too little, tying up a portion of their already insufficient assets by purchasing longevity insurance further weakens their ability to cover expenses in retirement. For those with enough assets to afford the big premium payment, there seems to be less of a need for it in the first place.

We're not yet convinced that longevity insurance is the answer to a well-funded retirement. ~Jill

Now we are Five

As you can see by the photo, we've grown! We are thrilled to have Raylene, Mackenzie and now Marina in our employ. It's a great fit and we find plenty of room for levity despite the serious work of financial planning. While we certainly all get along well, much of our business is about communication, so it stands to reason we should understand best how each of us thinks, processes ideas and concepts, and our preferred styles of interaction. Enter Myers Briggs, which was developed in the 1940s by Isabel Briggs Myers. Using Carl Jung's 1920s insights about human perception and judgement she created a personality test that would be useful for both individuals and groups. She said: "Life is more amusing, more interesting and more of a daily adventure than it could possibly be if everyone were alike." Stay tuned!

The Cornerstone Team



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