



THE RETIREMENT FINGERPRINT[®]

NOVEMBER/DECEMBER 2020

NEWS YOU CAN USE

Wealth Drift: Why the Income Gap Matters

Wealth and income inequality were central issues in the U.S. even before the pandemic. Now, the gap is widening even more. For starters, in 2018 the top 20% of households earned more than half of the rest of the nation's other income combined.¹

Then, during the initial stages of the pandemic (March to June), 44 million Americans filed for unemployment benefits.²

Unfortunately, ongoing wealth and income disparity continue to shrink America's middle class, which reduces consumerism. With fewer discretionary dollars, a growing share of Americans are unable to purchase goods and services.

This means fewer goods will be produced, jobs will be reduced and, ultimately, this will slow economic growth.

While fewer people shopping for new cellphones and laptops may not trouble the wealthy, it can make a dent in their investment portfolio. Public companies rely on consumerism to increase revenues and share prices. Without growth, the equity market could stall for many years.

¹ Katherine Schaeffer. Pew Research Center. Feb. 7, 2020. "6 facts about economic inequality in the U.S." <https://www.pewresearch.org/fact-tank/2020/02/07/6-facts-about-economic-inequality-in-the-u-s/>. Accessed July 30, 2020.

² Dominic Rushe. The Guardian. June 19, 2020. "Coronavirus has widened America's vast racial wealth gap, study finds." <https://www.theguardian.com/us-news/2020/jun/19/coronavirus-pandemic-billionaires-racial-wealth-gap>. Accessed July 30, 2020.

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RADIO SHOW

THE RETIREMENT FINGERPRINT[®]
SATURDAYS 7:30A-8A
AS HEARD ON AM830 KLAA

AM 830



THAT TIME OF YEAR

The Holiday Season for Service Members

Our nation's military personnel serve in more than 170 countries and, as a general rule, they are not flown home to spend the holidays with their families. Many military families share the tradition of gathering during the holiday season for emotional support and to share the spirit of Christmas, bonding over the shared challenge of having loved ones far away.

On or off base, some military family traditions may include a countdown calendar, a neighborhood light tour, Christmas Eve pajamas, cookie parties, ornament decoration and holiday parades.¹

However, low pay and low morale are just some of the downsides to celebrating the holidays without a

loved one near. As such, there are many organizations and charities that focus on bringing joy to military families during the holiday season.

If you're interested in finding ways to say thanks to our troops abroad and their families here at home, consider contributing or volunteering to the following organizations.

Operation Holiday Joy — This group provides food and toys to service-member families in need during the holiday season.

Trees for Troops — Each year, this group provides thousands of free Christmas trees to service-member families that live on military bases throughout the U.S. and abroad.

Let Freedom Ring — This group sends care packages from home to military personnel deployed in the Middle East.

Operation Homefront — This group offers a wide variety of assistance to wounded warriors and their spouses to aid in both recovery and appreciation celebrations.

Toys for Tots — This group asks the public to contribute new, unwrapped toys for various children in need during the holiday season.

¹ MilitaryBenefits.info. 2020. "Christmas 2020." <https://militarybenefits.info/christmas/>. Accessed July 29, 2020.

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THE GOOD LIFE

America's Country Club Culture

Some say the Great Recession killed the country club. Between 2005 and 2015, the number of golf courses and country clubs dropped by 5%.

Despite having higher levels of education, many millennials are financially disadvantaged with lower wage growth, high housing prices and student loan debt.

This means the up-and-coming generations that generally backfill club

membership rolls are no longer following in the footsteps of their parents.¹

Money isn't the only reason country clubs are on a downslide. Fewer young couples are opting to have children, and there are a lot more options now for recreation and exercise than golf and tennis. Plus, there is the perception that private clubs represent an elitist, exclusionist lifestyle.

That's a reputation the National Club Association (NCA) is hoping to change.

In an article, the NCA president and CEO reiterated reasons why country clubs became popular in the first place. He touts common interests among friends, philanthropic and community leadership, social activities that bring families together, an appreciation of beautiful acreages of well-preserved land and traditional architecture, as well as the value of in-person interactions among family and friends.²

¹ Charles F. McElwee. City Journal. June 7, 2019. "Death of the Country Club." <https://www.city-journal.org/country-clubs>. Accessed Aug. 10, 2020.

² Henry Wallmeyer. National Club Association. July 31, 2018. "5 Myths About Private Clubs." https://www.nationalclub.org/news/2018/07/31/home_news/5_myths_about_private_clubs/. Accessed Aug. 10, 2020.

HOW TO ...



Discover Your Priorities Through Spending Habits

Take a look at your past 30 days of spending and see if you spot any patterns. Our spending usually reflects our priorities — and you may be surprised to discover yours.

How much do you spend in these areas:

- Convenience — precooked meals, food delivery, personal trainers, house cleaning, yard maintenance, etc.
- Entertainment — cable TV, streaming channels, music, dining out, season tickets, books, craft supplies, toys, etc.
- Recreation — fitness and sports equipment, classes, camping gear, season passes, club memberships, etc.
- Travel — airline tickets, hotels, vacation rentals, rental cars, taxi and Uber rides
- Technology — phone, tablet, computer, headphones, video games and equipment
- Education — tuition, online classes, tutors, certifications, degrees, books
- Homemaking — cooking, gardening, decorating, furniture, flooring, window dressing, painting
- Grooming — apparel, shoes, salons, hair products, cosmetics

Pros & Cons: Pension or Lump Sum Payout?

The 2020 pandemic has resulted in economic strain for many American corporations — even long-established entities. Therefore, it's important for would-be pensioners to consider their employer's long-term financial stability in light of the country's circumstances.

Note that while the federal Pension Benefit Guaranty Corporation (PBGC) may offer relief when an employer becomes insolvent, this guarantee works much like filing for bankruptcy. In other words, it may pay out only a certain percentage of promised benefits.¹

The following hypothetical example gives you a snapshot of what you could expect in terms of risks and benefits when deciding between pension income and a lump-sum payout. In this scenario, a single pensioner qualifies for \$1,625 a month for life, or a one-time, lump-sum payment of \$300,000.

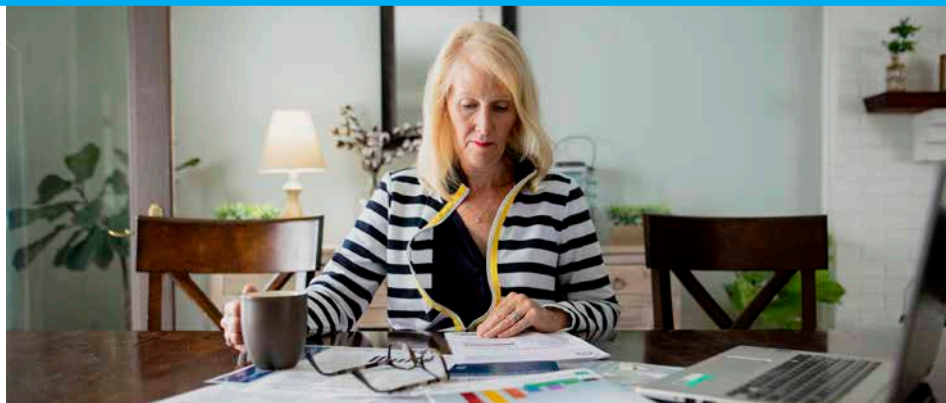
Pension Income

Pension income has been a less attractive option in recent years due to sustained low interest rates, which yield a lower pension benefit. Also consider that few pensions offer a cost-of-living adjustment. While some pensions offer spousal benefits, typically there is no death benefit for heirs. Also note that most pensions are funded with pre-tax dollars, so payments are usually taxable as ordinary income.

Age 65, Annual Pension Income: \$19,500 (\$1,625 per month)²

Total pension payout

*Death at age 80 \$292,500
Death at age 90 \$487,500*



- Pros: Guaranteed income for life
- Cons: Risk of guarantor financial instability (and reduced benefit), no hedge against rising inflation, no death benefit for heirs

Lump Sum, Invested

When offered a lump-sum option, the amount is generally lower than the expected total of lifelong benefits. However, a lump offers the opportunity to invest for a higher return over the long haul. Note that if the retiree doesn't direct the lump-sum distribution into an IRA or other qualified account, he'll owe taxes on the full amount in the year received.

*Age 65, Lump Sum Distribution:
\$300,000 invested for \$19,500 annual
withdrawals (\$1,625 per month)³*

1% average annual return

*Death at 80 Total payout: \$292,500
Death benefit: \$31,262
Death at 90 Total payout: \$323,880
Run out of money by age 82*

4% average annual return

*Death at 80 Total payout: \$292,500
Death benefit: \$134,205
Death at 90 Total payout: \$445,427
Run out of money by age 88*

6.5% average annual return

*Death at 80 Total payout: \$292,500
Death benefit: \$269,349
Death at 90 Total payout: \$487,500
Death benefit: \$225,360*

- Pros: Invest for growth opportunity, control and flexibility, take distributions as needed, potential death benefit for heirs

- Cons: Market risk/risk of loss, variable income, risk of running out of money

As you can see in this hypothetical example, a conservative rate of return could work as long as the investor dies by age 82. If he lives beyond that age, it would be necessary to achieve a higher sustainable rate of return. In today's market, it can be tricky trying to find a high-yielding income vehicle without taking on too much risk.

Whether it's best to take a lump sum or take pension income depends on your personal circumstances, and you should speak with a qualified professional to help you make that decision.

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario, and should not be construed as advice designed to meet the particular needs of an individual's situation. It does not illustrate any specific investment product and is not an indication of past or future results.

¹ Sarah O'Brien. CNBC. June 11, 2020. "Pandemic creates pension plan tension: Take the lump sum or trust lifetime payments." <https://www.cnbc.com/2020/06/08/pandemic-creates-pension-tension-take-lump-sum-or-trust-lifetime-payments.html>. Accessed Aug. 10, 2020.

² Rob Williams. June 28, 2019. "Lump Sum vs. Annuity." <https://www.schwab.com/resource-center/insights/content/lump-sum-vs-annuity-1>. Accessed Aug. 10, 2020.

³ Dinkytown.net. Aug. 10, 2020. "Savings Distribution Calculator." <https://www.dinkytown.net/java/savings-distribution-calculator.html>. Accessed Aug. 10, 2020.

THE SCOOP

Technology Connections

It wasn't that long ago when the idea of talking back and forth with an electronic device to retrieve information would have been an impossible scene out of a science fiction movie. Now, Alexa, Siri and other personal digital assistants are prevalent in both households and business offices.

What's on the horizon? Much more of the same. By 2030, tech-enabled innovations will connect us to even more time-saving conveniences. For example, city planners are looking to incorporate wireless networks as part of their infrastructure to provide universal internet access to citizens. In addition to other uses, this will allow all students to have access to online learning whenever convenient or necessary.¹

Half of U.S. business leaders believe they will be commuting via driverless cars by

2030.² They also anticipate using artificial intelligence (AI) robots to augment the skills, knowledge — and limitations — of human employees.³

Individuals will be able to use machine-based personal agents to manage household functions. For example, duties may range from making dinner reservations, to shopping and comparing prices, to soliciting quotes for renovation projects. Smart appliances, such as a washing machine, will negotiate with other household appliances to prioritize hot water use, detect maintenance issues and summon a repairman when needed.⁴

Robots will be used for social engagement interactions, such as answering questions and researching information. What one robot learns will be uploaded to a broader network for



other robots, resulting in progressive and immediate access to crowdsourced information and innovation.⁵

¹Dell Technologies. 2020. "Future of Connected Living." <https://www.delltechnologies.com/en-us/perspectives/future-of-living.htm#tab0=2>. Accessed Aug. 10, 2019.

² Dell Technologies. 2020. "Future of Connected Living." <https://www.delltechnologies.com/en-us/perspectives/future-of-living.htm#tab0=1>. Accessed Aug. 10, 2019.

³ Dell Technologies. 2020. "Future of Connected Living." <https://www.delltechnologies.com/en-us/perspectives/future-of-living.htm#tab0=0>. Accessed Aug. 10, 2019.

⁴ Ibid.

⁵ Dell Technologies. 2020. "Future of Connected Living." <https://www.delltechnologies.com/en-us/perspectives/future-of-living.htm#tab0=4>. Accessed Aug. 10, 2019.

BRAIN GAMES

	5	1	2			6		7
	4	2	3					
	3							
						7		1
8	6				3			
					8			5
3		9						
7		8		2				4
						9		

Str8ts

Game Rules

Rows and columns are divided into compartments of white squares. Use single numbers to complete a straight for each compartment. A straight is a set of numbers with no gaps and in any order. No single number can repeat in any row or column. Clues in black cells remove that number as an option in that row and column, and are not part of any straight

Example

2	3		
4	1	6	2
3		5	4
5	7		3



Ring in 2021 AROUND THE WORLD

It's been a whirlwind of a year, but it's finally almost time to put 2020 in the past and start fresh. A new calendar brings new possibilities! Some cultures around the world believe celebrating Jan. 1 can bring you good fortune for the rest of the year. Right or wrong, it can't hurt to try your luck at these worldly traditions. Happy New Year!



SPAIN

As the clock strikes midnight, Spaniards eat one grape for each of the 12 bell tolls, making a wish for each grape. It's recommended to prep your grapes ahead of time — 12 seconds goes fast!



DENMARK

The Danes love to jump into the new year — literally. Right at midnight, people all across Denmark can be found jumping off chairs and landing in the new year.



AUSTRIA

Austrians believe pigs are lucky. So, during New Year's, they eat pork and bake many pig-shaped sweets, or "Glücksschwein," for good fortune.



MEXICO

It's traditional for Mexicans to cook and eat tamales on New Year's Day. Often, the tamales are served with a soup called "menudo," which is said to be good for hangovers.



COLOMBIA

Want to travel in 2021? Take this tip from Colombians: Carry an empty suitcase around the block at midnight to bring hope for safe travels in the new year.

WHAT ARE YOUR FAMILY TRADITIONS?

Our holiday traditions are what make us unique. Whether you're practicing old family traditions, like baking specific recipes, or making new traditions with your grandchildren, pass it on.

Share those memories with loved ones to ensure the fun continues for years to come.

Investors Benefit From “Fee Wars”

From two-for-one buys to free shipping, consumers love saving money. The same is true for investors. Over the past 20 years, investors have become savvy at monitoring not only how much their portfolio earns, but how much they pay in management and other fees.

This attention to cost has driven expenses down in the past two decades, especially among mutual fund companies. With rising competition from low-cost exchange-traded funds (ETFs), mutual fund expenses dropped from an average 0.87% in 1999 to 0.45% in 2019. That represents about \$5.8 billion in earnings on money that remained in investor accounts.¹

Wall Street appears to be learning lessons from large volume discounters like Amazon and Walmart. In 2019, 20% of the least expensive funds attracted \$581 billion in new money while the top 80% lost \$224 billion. Much of that new money is flowing into index funds, which cut fees from 0.72% in 2015 to 0.61% last year.²

As investors seek funds with lower expenses, asset managers have responded by cutting fees further to remain



competitive. The average fee among actively managed funds decreased by 10% between 2015 and 2019. And increasingly, more investors are opting to pay for advice in the form of fees instead of commissions.³

¹ Paul A. Merriman. Marketwatch. July 1, 2020. “Why investors who are buying fewer individual stocks are getting better returns.” <https://www.marketwatch.com/story/5-ways-things-are-better-for-investors-now-11592425906?mod=home-page>. Accessed Aug. 10, 2020.

² Ibid.

³ Ibid.

BRAIN GAMES

ANSWER KEY:

4	5	1	2	3		6	8	7
5	4	2	3			7	9	8
	3	4	1	6	2	5		
	2	3		5	4		7	1
8	6	5	7		3	1	4	2
9			6	7	8	2	3	5
3		9	5	8	7	4	6	
7	9	8		2	6	3	5	4
6	8	7		4	5	9	2	3



RECIPE

cut here 

PIMIENTO CHEESE CRACKERS

INGREDIENTS

- 12 oz. sharp cheddar, coarsely grated
- 1 cup plus 2 tbsp all-purpose flour
- 1½ tsp kosher salt
- ¼ tsp cayenne pepper
- ¼ cup chopped jarred pimiento peppers
- 5 tbsp chilled unsalted butter, cut in pieces
- 3 tbsp sesame seeds

INSTRUCTIONS

1. Pulse cheese, flour, salt and cayenne in a food processor
2. Pulse in pimiento peppers until mixture turns orange
3. Pulse in butter until largest pieces are pea-sized
4. Pulse in 2 tbsp cold water until dough sticks together (2-3 times)
5. Transfer dough to a work surface and form into a tightly packed 2" diameter log
6. Sprinkle sesame seeds over surface and roll log over them until completely coated
7. Wrap dough in plastic and chill at least 4 hours
8. Place a rack in the middle of oven; preheat to 350°
9. Unwrap dough and slice into thin rounds, ⅛" to ¼" thick
10. Transfer to parchment-lined baking sheet about 1" apart
11. Prick each cracker with a fork 3 times
12. Bake 25-30 minutes, rotate halfway through
13. Cool on baking sheet until crisp

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UPCOMING DATES

NOVEMBER

- 1 DAYLIGHT SAVING DAY
- 3 ELECTION DAY
- 11 VETERAN'S DAY
- 26 THANKSGIVING

DECEMBER

- 25 CHRISTMAS
- 31 NEW YEARS EVE



WEALTH
MANAGEMENT