

## Retirement Security in a Single Number

([www.kiplinger.com](http://www.kiplinger.com)) In planning for retirement you have probably crunched many numbers: the value of your investment portfolio, the income stream from Social Security or a pension, your projected annual spending, and your life expectancy. What if you could distill all those figures into a single number that tells you whether you're on track for a secure retirement?

Some advisers and academics say the "funded ratio" allows you to do just that. To calculate this figure, you divide your total assets – including the current value of your investment portfolio and the present value of future income such as Social Security – by the present value of your total projected retirement spending. (Present value is the value of a future sum or income stream in today's dollars.)

If you arrive at a figure of more than 100%, your retirement plan is likely on sound footing. If it's less than 100%, you may need to think about working longer or reining in expenses.

The funded ratio "incorporates a lot of data and boils the answer down to a single stat," says Phill Rogerson, a managing director at Russell Investments. By tracking the figure closely, he says, retirees can "maximize the lifestyle they can live today while minimizing the probability they run out of money before they die."

A rising or falling funded ratio can send a signal that your retirement plan is growing more secure or hurtling off a cliff.

*(Continued on page 2)*

## Beware of Tax Scams and Tax Refund Fraud

Taxpayers should be on the lookout for tax scams using the IRS name. While scams occur throughout the year, these schemes jump every year at tax time. Scams can be sophisticated and take many different forms. Scammers can be clever; they may have your full name, address, and/or part or all of your social security number leading you believe they are authentic. Use caution when viewing e-mails and receiving telephone calls from people claiming to be the IRS. ***Remember that the IRS does not initiate contact with taxpayers by email, text messages or social media channels to request personal or financial information. This includes requests for personal identification information, PIN numbers, passwords or similar access information for credit cards, banks or other financial accounts.***

Tax refund fraud is easy, lucrative and also becoming increasingly popular among criminals. The two most common ways thieves commit tax refund fraud is by filing a tax return using your Social Security number or stealing your tax refund check out of the mail. Often, taxpayers aren't aware the fraud has happened until they go to file taxes and learn a return has already been filed in their names.

Visit [ppgpartners.net/tax-scams](http://ppgpartners.net/tax-scams) for up-to-date information on various tax schemes, information on how to protect yourself, and what to do if you are targeted or become a victim of a scam or identity theft/tax refund fraud.

***Want more? Get daily updates and relevant news alerts by following us on Social Media!***

**Connect with PPG  
Partners Online!**



twitter.com/  
PPGPartners



facebook.com/  
PPGPartners



linkedin.com/  
company/ppg-  
partners-llc

## *Continued from page 1: Retirement Security in a Single Number*

To be sure, precisely calculating the present value of future income streams and total lifetime retirement spending isn't simple. You need to "discount" those future dollar amounts to reflect the time value of money – the principle that \$1 in your pocket today is worth more than \$1 in the future, since money can earn interest over time. The calculation also must take into account your life expectancy.

### **Fully Funding a Retirement**

Here's an example: A 68-year-old couple have a \$1 million investment portfolio and projected retirement income (including Social Security and pensions) worth roughly \$722,000 in today's dollars. They figure their annual retirement spending will be \$62,500, rising 2.6% annually with inflation. Factoring in longevity assumptions and taxes, their total spending amounts to \$1.45 million in today's dollars. So their funded ratio is 119% (\$1.72 million in total assets, divided by \$1.45 million in spending).

The funded ratio is a concept borrowed from the defined-benefit pension world. Pension plans track their financial health by dividing their assets by the present value of benefits they must pay to participants. When they're underfunded, they may need to make additional contributions to cover the shortfall.

So what can individuals do when they're "underfunded" – or headed that direction? For pre-retirees whose funded ratio is below 80%, "retirement is not an option at this point," and they should keep working until their funded ratio recovers.

Retirees should be on high alert if their funded ratio drops below 105% or 104%, Rogerson says. They should cut back nonessential expenses to keep their funded ratio from dropping below 100%.

And what if your retirement is overfunded? With a funded ratio of 125% or more, retirees are so well funded, they can think about doing other things with their money, such as giving gifts to charity or leaving it to heirs.

## **Apps for Medication Reminders**

*(Medical Manager)* Patients often have a difficult time remembering what and how much medication to take and when. The situation can be especially problematic when a patient takes multiple prescription drugs. People simply forget to take medications, are confused about when and in what amount to take them, or lack the personal organization to carry out the daily task. With this in mind, your medical practice may want to point patients in the direction of smart phone apps that not only provide this information but include reminders. The following is a list of pill reminder apps your patients may be interested in. To find an app, open up your App Store (iPhone/iPad) or Google Play (Android) app on your smart phone, search for the name of the medication reminder app, and then select and download the app.

### **Apps for iPhone and iPad**

RxmindMe Prescription/Medicine Reminder and Pill Tracker	Cost: Free
Dosecast	Cost: Free
Pillboxie	Cost: \$.99

### **Apps for Android**

Med Help Pill Reminder	Cost: Free
My PillBox (Meds & Pill Reminder)	Cost: Free

### **Low-tech alternative**

There are medication reminders for those patients who aren't tech savvy as well. The "MedCenter System" is a 31-day monthly pill organizer and taking pill reminder system. It allows a patient to set up to four daily alarms to alert him or her when medication is due. A repeating reminder notifies the patient of the time, the date, and which daily dose to take.