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THE BULLDOG BULLETIN

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EASING INTO RETIREMENT

For most of your working life, you've looked forward to the day when you can quit your job and start enjoying retirement. But in recent years, talk of longer life expectancies, uncertain Social Security benefits, declining pension benefits, unknown inflation rates, and low retirement savings have made retiring at a relatively young age seem difficult. More and more people are coming to the conclusion that either retiring later or continuing to work during retirement is necessary to ensure they remain financially comfortable for the rest of their lives.

Working doesn't necessarily mean you have to stay with your current employer. Rather, many individuals are taking on totally different jobs that can allow them to try something new, provide more free time by working less, or ensure less stress. Besides the nonfinancial reasons for working, there are several financial reasons that make this an important retirement strategy:

- **YOU HAVE MORE TIME TO SAVE.** Each additional year you work is an additional year you can continue to save for retirement. Those age 50 and over have additional means

for saving, with annual catch-up contributions of \$1,000 for individual retirement accounts and \$6,000 for 401(k) plans in 2015.

- **YOU SHORTEN YOUR RETIREMENT PERIOD.** The longer you work, the less time you'll spend in retirement, which means you'll need less money to fund that retirement.
- **YOU CAN DELAY SOCIAL SECURITY BENEFITS.** Each additional year you wait to take Social Security benefits, up to age 70, will permanently increase your monthly benefit.
- **YOU KEEP HEALTH INSURANCE BENEFITS.** One of the most significant costs in retirement is health care, and you can delay that cost by working at a job that provides this benefit.

Some companies are helping employees with retirement issues by allowing phased retirement in which hours are gradually reduced until full retirement. One possible advantage of staying with your current employer is that the pay may be higher than if you started over in another profession. If your employer offers a phased retirement program, find out these details before signing up:

- **HOW WILL PHASED RETIREMENT AFFECT YOUR BENEFITS?** Many

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WHAT'S YOUR RISK TOLERANCE?

Risk tolerance is a term that comes up a lot when discussing investing, but what does it mean? In simplest terms, your risk tolerance is the amount of volatility — or upward and downward swings in value — you can handle in your portfolio. It's a fairly straightforward concept. The real challenge lies in determining your own personal risk tolerance. Invest more aggressively than you're comfortable with, and you may panic when your investments drop in value, causing you to sell at the wrong time. Invest too conservatively, and you'll likely end up frustrated when you don't see the gains

you want.

Most people fall into one of three risk tolerance categories:

- **CONSERVATIVE:** You have a low tolerance for risk and want to protect your existing investment, or principal.
- **MODERATE:** You have a higher tolerance for risk than a conservative investor and are seeking to invest aggressively enough to generate a moderate return on your investments.
- **AGGRESSIVE:** Aggressive investors

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EASING INTO

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pension benefits are calculated based on your earnings in the last few years of your working career. If you don't want to take pension benefits yet, make sure your pension will be calculated using earnings while you worked full-time. You may also be able to draw a pension and work part-time.

- **WHAT WILL HAPPEN TO YOUR SALARY WITH REDUCED HOURS?** Will you receive a pro-rata share of your pay or will a different pay scale be used? Will you be entitled to pay increases in the future? Make sure you agree on how you will be paid before moving to part-time status.
- **WILL YOU BE ELIGIBLE FOR HEALTH INSURANCE BENEFITS?** Find out the company's policy regarding health insurance benefits for part-time workers. This will be especially important if you move to part-time status before age 65, since you won't be eligible for Medicare.
- **WHAT OTHER DETAILS SHOULD YOU INVESTIGATE?** Make sure there is a mutual understanding about your hours. Can you take time off to travel? Is this a permanent or short-term arrangement? If you don't like part-time work, can you go back to your full-time job?

If your employer doesn't offer a phased retirement program or you want to try something new, investigate your options before quitting your job. Some factors to consider include:

- How do you plan to spend your retirement? If you plan to travel a lot, how will work fit into that schedule? If you plan to split your time between two homes in two locations, how will you be able to work?
- What interests you? Would you be happier pursuing a job that takes advantage of skills from your current job, or would you like to try something totally different? Do you need to obtain additional skills or go back to school?
- Do you want a job with significant responsibility, or are you trying to reduce the stress in your life?

SHOULD YOU OWN OR RENT?

Owning a home is still part of the American dream. Certainly, there are significant financial and tax reasons for owning a home. While you typically only make a down payment of 10% or 20% of the home's cost, you retain all price appreciation on the home. Part of each mortgage payment builds equity in your home. In the beginning, that may only be a small portion of each payment, but significant equity can be accumulated over a period of years. Historically, homes have provided a good hedge against inflation.

There are also significant tax advantages to home ownership. Mortgage interest and property taxes can be deducted on your tax return as itemized deductions, reducing the cost of home ownership. When you sell the home, a significant amount of capital gains can be excluded from taxes. If the home was your primary residence for at least two of the preceding five years, you can exclude \$250,000 of gains if you are a single taxpayer and \$500,000 of gains if you are married filing a joint return.

But despite these advantages, you should still evaluate whether owning a home makes sense for your particular situation. Some factors to consider include:

- **HOW LONG WILL YOU LIVE IN THE HOME?** Besides the purchase price of the home, you must pay
- Are you passionate about an interest or hobby that you may be able to turn into a business? Do you want to start your own business? If so, do you have the financial resources, without risking funds for your retirement?
- Is there a cause that is important to you? Is it time to move to the nonprofit sector, finding an opportunity that matters to you on a personal level?

Retirement is in the midst of being

closing costs. There are also costs involved in selling, which typically include the real estate agent's commission. Thus, you'll usually need to live in the home for at least five to seven years to make it a worthwhile financial decision.

- **CAN YOU AFFORD TO TAKE ON THE DEBT?** Generally, lenders prefer that your total debt payments, including your mortgage and other consumer debts, not exceed 40% of your gross income. Make sure you're comfortable with the amount of debt you are incurring and you'll still have enough disposable income to save for other goals, such as your retirement.
- **DO YOU HAVE A LARGE ENOUGH DOWN PAYMENT?** If possible, strive to make a down payment of at least 10% to 20% of the home's purchase price. If your down payment is less than 20%, you'll have to pay private mortgage insurance.
- **HAVE YOU CONSIDERED ALL COSTS?** Besides the mortgage payment and property taxes, there are other costs involved with owning a home. You'll be responsible for all utilities, insurance, repairs, and maintenance on the home.

If you'd like to review whether it makes financial sense to own a home, please call. ○○○

redefined once again. The last generation was able to retire to a life of total leisure due to the generosity of company pension benefits and Social Security. But longer life expectancies, less generous benefits, and declining asset values mean it is time to redefine retirement. What many are seeking is not so much total leisure as more leisure or a more meaningful lifestyle. Many are finding those goals can be accomplished while still working, with those additional working years providing more financial security. ○○○

FINANCIAL DATA

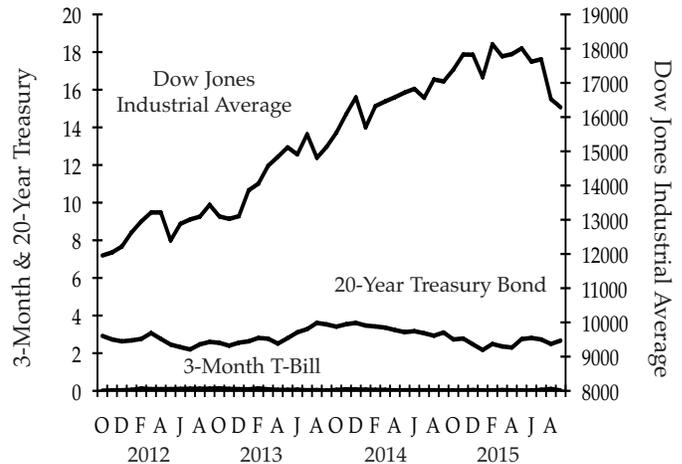
Indicator	Month-end				
	Jul-15	Aug-15	Sep-15	Dec-14	Sep-14
Prime rate	3.25	3.25	3.25	3.25	3.25
Money market rate	0.33	0.26	0.29	0.43	0.42
3-month T-bill yield	0.05	0.10	0.02	0.04	0.02
20-year T-bond yield	2.73	2.49	2.67	2.47	3.10
Dow Jones Corp.	3.31	3.33	3.26	3.08	2.90
30-year fixed mortgage	3.55	3.47	3.47	3.47	3.81
GDP (adj. annual rate)#	+2.20	+0.60	+3.90	+2.20	+4.60

Indicator	Month-end			% Change	
	Jul-15	Aug-15	Sep-15	YTD	12 Mon.
Dow Jones Industrials	17689.86	16528.03	16284.70	-8.6%	-4.4%
Standard & Poor's 500	2103.84	1972.18	1920.03	-6.7%	-2.6%
Nasdaq Composite	5128.28	4776.51	4620.16	-2.4%	2.8%
Gold	1098.40	1127.00	1114.00	-7.1%	-8.4%
Consumer price index@	238.60	238.70	237.90	0.7%	0.0%
Unemployment rate@	5.30	5.30	5.10	-12.1%	-16.4%
Index of leading ind.@	123.60	123.60	123.70	17.3%	19.4%

— 4th, 1st, 2nd quarter @ — Jun, Jul, Aug Sources: Barron's, Wall Street Journal

4-YEAR SUMMARY OF DOW JONES INDUSTRIAL AVERAGE, 3-MONTH T-BILL & 20-YEAR TREASURY BOND YIELD

OCTOBER 2011 TO SEPTEMBER 2015



Past performance is not a guarantee of future results.

NEWS AND ANNOUNCEMENTS

STAGGERED RETIREMENTS

Often, spouses don't retire at the same time. Frequently, one spouse may retire first due to health problems or a layoff, not necessarily because the spouse chooses to retire early. No matter what the reason, keep these points in mind if you are in that situation:

- **TRY TO MINIMIZE WITHDRAWALS FROM RETIREMENT ACCOUNTS.** Although you will only have one salary instead of two, it's best to minimize withdrawals while one spouse is working. It's a good opportunity to test your retirement budget and reduce expenses.
- **UTILIZE ALL AVAILABLE BENEFITS FROM THE WORKING SPOUSE'S EMPLOYER.** One of the most significant retirement expenses, especially if you don't qualify for Medicare, is health insurance. So, before one spouse retires, find out if that spouse is eligible for health insurance through the working spouse's employer.
- **DELAY SOCIAL SECURITY BENEFITS.** Especially if you are retiring before full retirement age, it typically makes

financial sense to delay Social Security benefits. For a significant number of married couples, the man is older, has higher earnings, and will not live as long as the woman. Because a surviving spouse can elect to receive 100% of a deceased spouse's benefit, it typically makes sense for the man to wait until age 70 to claim Social Security benefits to provide his wife with the highest possible benefit after his death. On the other hand, there is usually no reason for the woman to wait beyond ages 62 to 66 to start Social Security benefits, provided she can claim benefits on her own earnings record.

- **CONSIDER ALL DEFINED-BENEFIT PLAN PAYMENT OPTIONS.** If you are lucky enough to be covered by a traditional pension plan at work, make sure to consider all the payment options carefully before selecting one. Typically, you will have numerous options, but your choice will be irrevocable. ○○○

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