



## Portland “Art Tax” Not a Scam

The City has mailed out at least the first postcard regarding notices to go online and pay the tax. With all the press lately regarding scams, I have received a lot of calls asking if this is a scam or not. It is not a scam. Residents of the city of Portland can go online to pay this tax at [www.portlandoregon.gov/revenue/60076](http://www.portlandoregon.gov/revenue/60076). *Deadline to pay the tax extended to May 15 (due to the confusion about filing.)*

**Who must pay?** The term the City now uses is anyone who has “income earnings.” That includes wages, self-employment, investments, rentals, retirement (including Social Security), disability, unemployment, spousal/child support, or any other source.

**The only exception** is for households that fall under the federal poverty guidelines which are:

- 1 person household under \$11,170
- 2 person household under \$15,130
- 3 person household under \$19,090
- 4 person household under \$23,050

## Are You Prepared For Retirement (Revisited)

Back in July of 2011 I wrote an article noting a retirement savings survey and asking how prepared you were for retirement.

Here are the 2012 results for people surveyed by the Employment Benefit Research Institute (EBRI)

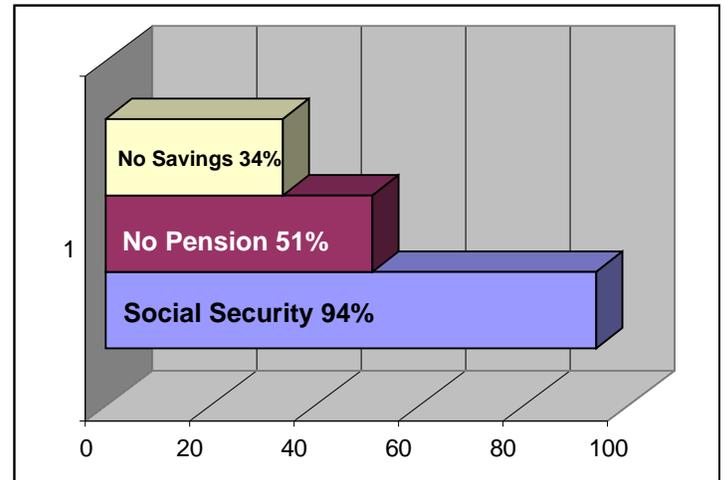
Retirement Savings	2011 Survey	2012 Survey
Less than \$1,000	29%	30%
\$1,000 to \$9,999	17%	18%
\$10,000 to \$24,999	10%	12%
\$25,000 to \$49,999	11%	10%
\$50,000 to \$99,000	9%	10%
\$100,000 to \$249,999	14%	11%
\$250,000 or more	10%	10%

Securities Offered through KMS Financial Services

The changes indicate people have used funds from their retirement plans to maintain their current standard of living during the recent market challenges. If this assumption is correct and people do not increase savings to replace what was taken out there will be a greater dependence from retirees on Social Security benefits for income.

**Retirement Savings & Social Security.** Estimates by the Social Security Administration indicate 94% of all workers (about 161 million) are covered under the Social Security system. 51% of the workforce has no private pension coverage and 34% have no savings set aside specifically for retirement.

### Retirement Savings & Social Security



According to the Social Security Administration's website nine out of ten individuals age 65 or older receive Social Security benefits. On average the benefits represent about 39% of an individual's retirement income. If trending continues as indicate above this percentage could increase to as much 60% as estimated by some. More

In 2011 the maximum Social Security benefit payment was \$2,366. This could be increased if you waited beyond your full retirement date (around age 66) to begin benefits. At the beginning of 2012 it was estimated the average benefit payment was about \$1,230.

**Estimate your household income in retirement.**

Using the average Social Security benefit for the wife and 150% of the benefit for the husband, you can use the table below to estimate your household income in retirement. Fill in the blanks and total. Social Security alone represents an annual income of \$36,900. How does that compare to your present household income?

	Husband	Wife	Household
Social Security	\$1,845	\$1,230	\$3,075
Pension			
Investments			
Total			

**Your expenses in retirement could be as much as 70% of what you are spending right now.** Really, what expenses are you going to reduce and by how much?

**Sometimes retirement planning is easier for unmarried couples than married couples.** It is easier for unmarried couples to recognize that if something happens to one of them their household income is reduced. Married couples are of the mindset that we will both live on and die together, never thinking one could live on without the other and what impact that has on household income.

**An example:** At retirement a husband was given several options to receive his pension benefits. He selected a payment based on his life only because it provided the highest payment option. Six months after retirement he died leaving his wife with no pension benefits. All she had left to live on was the Surviving Spousal Benefits from Social Security. This represented a substantial reduction of income and the loss of her home because she no longer had the financial resources to maintain it.

**Don't act like an ostrich...take positive action.**

Often, I have prospective clients come in to talk about retirement planning. When they surmise not enough has been done to maintain their lifestyle in retirement, they decide to do nothing.

**A large part of the planning process is recognizing the resources you have for retirement and not sticking your head in the sand.** It is never too late to begin a savings plan. It may be possible the plan you desire is out of reach but there are other options to utilize to help enhance your situation such as delaying retirement and working longer, reduce the number or shorten the time for vacation trips or develop a budget and prioritize your expenditures.

**There is a way to put your goals under management.**

Brent