



Registered Investment Advisor Firm

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Saving for Retirement

Fewer people are saving for retirement, and are more stressed about it. In the 2016 Franklin Templeton's Retirement Income Strategies & Expectations survey of 2,019 adults, age 18 and older, 41% indicated they are not yet saving compared to 35% in 2014.

While savings are down, the survey finds concern is up. Stress when thinking about retirement savings and investments saw a 3% increase year over year (70% vs 67%).

There seems to be a disconnect between the concerns about retirement and taking action to address those concerns. Over the last 3 years, the percentage of those not saving for retirement is increasing and so is the percentage concerned about outliving their assets or having to make major sacrifices to their retirement strategy. Anxiety and stress can have an adverse effect on the retirement process.

Of the respondents who reported stress over their retirement savings, 65% indicated that they lacked an understanding about how much to save,

how to invest the savings and what spending behavior in retirement would play out. Many did not know how they would pay their medical expenses during retirement.

The survey found professional advice had a positive impact on the planning process, with 60% considering a financial advisor important to both the planning process and generating income during the retirement years.

When considering how much to save, a retirement calculator is a must. At the Davis Investment Group (DIG), we use one that is simple and comprehensive. The calculator takes into account 4% inflation and lets you decide if you want to include your Social Security income. Your risk tolerance determines what historical return to calculate your goal.

This calculation should be reviewed every couple of years. This review is to make sure you are still on track because your financial situation, account performance or your goals may change. This ensures you can make any adjustments soon enough to have an impact.

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The survey shows that the first step of planning your saving for retirement is the best step. By utilizing a professional you can build a retirement strategy from the bottom up and lay the foundation for a successful and happy retirement.

Over the years of the Franklin Templeton survey, the one piece of advice that the retirees had for the non-retiree participants is to save early, often and consistently. Respondents were asked to describe their feelings about their retirement income plan, those who were already saving exhibited more understanding, confidence and happiness overall, compared with those who had not started (63% vs 24%)

So don't delay, contact me to start the process to determine if you have saved enough for retirement. If you have already started, this would be a good time to review.

FED Watch

No rate increase in June and a 5% chance, and falling, of a rate increase in July. The next meeting with a slight chance of an increase is the February 2017 meeting with an 11% chance of increase.

Brexit put a pall over the global markets. More on this in the next issue.

The next meeting is July 26th and 27th.

Seven years after the recession ended, we have the slowest expansion in decades, falling labor participation rates last seen in the 70's, mediocre business

investment, a declining pace of business start-ups and disappointing wage growth.

The December FOMC members estimate for median future growth was 2.4%. By March it had fallen to 2.2% and as of the June Fed meeting it had fallen even further to 2%. The Fed now predicts growth won't improve even in 2017-2018.

This sounds like a recipe for no hikes for a long time, without causing a major disruption in the markets. Can we think Japan.

Davis Investment Group

Davis Investment Group is a fee-based Registered Investment Advisor firm servicing the needs of clients across the United States.

Davis Investment Group custodies all client assets at Charles Schwab & Co. Davis Investment Group's home office is located at 714 Marin Street, Suite #C, Vallejo, CA 94590. The telephone number is (707) 648-2024.

If you have questions or would like further information on this month's topics or any other financial or investment related subjects, including Social Security claiming strategies, please contact me by phone or through my email address at:

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