



## CONSIDER THIS PROGRAM

EPISODE DATE:

**November 9, 2019 Episode**

ON THIS SHOW:

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**Ken Dilger :** Former Tight End at Indianapolis Colts, Senior Loan Officer at Milestone

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**Dan Cravens Taylor**

### SHOW NOTES:

#### **Market Capitalization**

Can you imagine waking up one year and having 40% of your life savings invested in assets that had negative net earnings? Well, believe it or not, it happened to almost every single one of you who were invested in a 401k. The end of September, we had gone from \$7.6 to a little over \$32 trillion worth of market cap. That is a large number in terms of market capitalization. So does that mean the market went up four times? No, no, no. Does that mean that all companies became worth four times more than what they were? No. It means that some companies had to become worth more than four times what they were.

So what in the world is market capitalization? Market capitalization is what you were willing to pay for one share of a company's stock. Then, multiply that number by the number of shares that are outstanding.

#### **Brexit**

So the European Union is one of the groups that England is a part of. Why would they want to leave it? Brussels, Belgium is the headquarters, if you will, of the financial of the European Union. They're the ones that really dictate the rules and what's good for one is good for all - which is kind of the viewpoint. So we're Americans, think about it in this perspective: England believes that a lot of their opportunities to negotiate their own trade deals are being stunted by



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Brussels decisions, that are helping Greece, Italy, or Germany, but not them. So they're wanting out of this mess. The date that was originally October 31st and now it's been moved to January 31st - that's when they have to make the decision whether they're in or out.

Well, I guess the only thing that we should care about is how it affects us or our economy. So you prepare for it a little bit. You understand here in the United States when we talk about trade wars, we're talking about how we charge other countries a tariff to import their goods and they charge tariffs for us to import our goods. The battle is over who's paying the most or where we're going. A big part of that deal is being able to negotiate the rules, because you want to import what you need and you want to export your excess. What they have an excess of in London may be different than what you have inside of Munich, which is a big part of it.

### **\$500,000 to Retire**

How much money does it take to retire? What if someone had \$500,000? Is that enough or is it not enough? First and foremost is remembering that retirement is not an asset value. The \$500,000 is really not the issue. What is required to have a successful retirement is being able to maintain your standard of living. What are the steps involved in the retirement process?

So I'll give you a series. The first one is to develop a budget. It's broken into two areas. The first one is your fixed expenses. Regardless of how long you live, you will have fixed expenditures that are required. The second one is social (your desire to go see the Grand Canyon or Europe). The desire to see castles today will be greater today than it will be 25 years from now. We get a little slower. We have things that hold us back and we just don't want to do that much at that period of time. Discretionary income (as they call it) tends to peak at 65 in our practice. That amount tends to go down, but that's how you make sure that you replace your standard of living. From there, you're going to want to talk about your life expectancy. You're going to want to talk about inflation. You'll want to understand volatility between distribution points, which is why the amount of asset doesn't matter as much as the way it is invested. You're going to need to understand how Social Security timing works.

The second one is healthcare costs. It's unexpected, if you leave the workforce early (if you're before Medicare age 65). The second one is when you have a surprise where Medicare doesn't cover it or your supplement doesn't cover it, and it needs to be covered. There can be other things, but those are the two big ones. So inflation is really based on how you spend money, goods or services. But a dollar today is not what it was 20 years ago. That's what you have to know inside of that equation. The point is, it has to be factored into your inflation on your fixed expenses. We don't believe it needs to be factored in as highly on your social expenses expenditures after you're 68. Just use the same amount of money, but let it decrease with inflation as you get older. It will allow you to have more money up front.



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## Segment with Dan Cravens Taylor

Dan Cravens Taylor attends the same church that I do. I've been with him in our Bible study with our church that goes very in depth. He is an amazing historian and studies a lot of different things. One of his passions is the Lincoln family. I've read a few things about Abraham Lincoln, been to Springfield, Illinois. I've learned a little bit, but Dan takes us to an entirely new level. He wrote a book about Lincoln's father called *Thomas Lincoln*.

*Disclaimer: Joseph Clark is a Certified Financial Planner™ and the Managing Partner of Financial Enhancement Group, LLC an SEC Registered Investment Advisor. He is the host of "Consider This" found on WIBC Saturday mornings from 6-7a.m. as well as three other Indiana-based radio stations. Joe has served as an Adjunct Assistant Professor at Purdue University where he taught the capstone course for a degree in Financial Counseling and Planning.*

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