



FLOURISH  
WEALTH  
MANAGEMENT<sup>®</sup>

# Quarterly Newsletter

## News from Flourish

As the warm weather slowly inches ever closer to our front doors we are grateful for the prospect of outdoor grilling, blooming flowers and some good old Vitamin D. The first quarter of 2018 has flown by at Flourish and we are excited for some wonderful upcoming events that we are participating in.

### SAVE THE DATE

This year we are sponsoring two events that we also participated in last year. On May 10<sup>th</sup>, Kathy Longo will be chairing the annual YWCA Minneapolis's Circle of Women luncheon. The Circle of Women fundraiser luncheon is an inspirational opportunity to support life-changing programs in the community, empowering women and girls and eliminating racism in profound ways. For more information about this event or to register to attend or donate please [visit the YWCA Minneapolis website](#).

On May 18<sup>th</sup>, Flourish is sponsoring a wonderful celebration called Noche De Colores. This fun and lively event honors this year's 8<sup>th</sup> grade and High School graduates who have benefitted from the programs made possible by the nonprofit organization Common Hope. Common Hope promotes hope and opportunity in Guatemala by partnering with children, families and communities who want to participate in a process of development to improve their lives through education, health care, housing and family development. For more information or to register, sponsor or donate please [visit the Common Hope website](#).

### OUR TEAM

We have also made a little time for leisure as well this quarter. I recently returned from a trip to Spain with my family and it was an incredible experience. My eldest daughter Maddy has been studying abroad in Barcelona and became our de facto tour guide. I was so impressed by her

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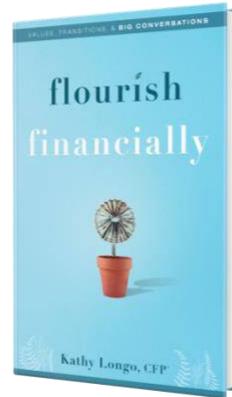


ability to navigate Europe and how much she has grown through this experience.

Back in the office, it has been invigorating to welcome our new team members and work together to improve our business practices and ensure that our clients are given the highest level of service.

I am also excited to announce that I will be publishing a book, *Flourish Financially: Values, Transitions and Big Conversations*, in early summer. The process of writing a book

has been an incredible learning experience as well as a rewarding challenge. As the date draws nearer to the book's release, we will provide more details about a book launch celebration and information on the content. I've had the opportunity to participate in my first podcast to promote the book, and expect to have more of these in the future.



This quarter's article discusses how important it is to consider your quality of life when you retire and as you age. What may look appealing in theory may not be ideal once you start to live it. I recently came across some research that explored personal satisfaction in retirement and the results were very interesting. There were certainly some surprises and I wanted to share this research and frame it in a way that can provide some insight and perspective. I hope you enjoy!

## Q1 2018 QUARTERLY ARTICLE

### Quality of Life in Retirement

**By: Kathleen Longo, CFP®, CAP®, CDFA**

Living life the way we envision as peaceful, abundant, secure and fulfilling is what many call the American Dream. Quality of life is a meaningful part of our needs to feel happy and safe in our lives. Unfortunately, from social isolation to diminished health to poor eating habits, people's quality of life is at risk as they age. There are many factors that can contribute to a reduced quality of life and there are planning measures that can be taken to mitigate that loss.



Our team works with clients to help them identify opportunities to age happily. Key components frequently include reducing the risk of losing touch with friends and family, maintaining access to healthy foods, having access to quality and necessary medical care, and to maintain a sense of fulfillment as they reach advanced age. While many people in their 40s and 50s aren't necessarily thinking this far into the future, they may be experiencing the challenges that their aging parents are facing and see that advanced planning for aging can have a positive impact on the elderly as well as their families.

A study by Michael Finke, Nhat Ho, and Sandra Huston titled [Spending, Relationship Quality, and Life Satisfaction in Retirement](#) provided evidence that “leisure spending, health status, and spousal and friend relationships have the greatest impact on creating life satisfaction during retirement, while other types of spending and children relationships do not.”<sup>i</sup>

Having a plan that determines your best choices for housing, social engagement and leisure experiences (travel, cultural events, dining) as you age could have lasting benefits on your total well-being.

## Aging in (the Right) Place

There are costs and benefits to where you choose to live as you age and are largely dependent on comfort, independence and affordability. While many people are choosing to “Age in Place” for the aforementioned reasons, it is important to analyze the costs and benefits of doing so. As people get into advanced age there can arise difficulty with activities of daily living (ADLs) – like bathing, proper eating and nutrition, dressing, etc. – as well as instrumental activities of daily living (IADLs) – which are non-essential to the basics of daily living but perhaps even more important for well-being. Things like living independently, managing money, preparing meals and engaging with other people regularly are examples of IADLs.<sup>ii</sup>

When daily living becomes a significant struggle in any of these areas it can be beneficial to already have a strategy for where you will go. Depending on the circumstances, you might determine that a nursing home is the best place or, if you are only in need of some care, assisted living facilities or continuing care communities can be a good option. The choice of whether to sell your home or rent it out needs to be made. And, perhaps most importantly, how finances will be structured for your new living arrangements and what impact that will have on your savings and any plans you have to bequeath your estate to family or charities.



Knowing well in advance the various aging scenarios and building plans for these types of decisions can have a big impact on your financial plan and how money is saved, spent and invested. Aging creates a number of unpredictable outcomes so a flexible plan is very valuable.

## In-House Grandparents

We have clients who made the choice to live with their children and the experience quickly turned from being able to spend more time with children and grandchildren to becoming the de facto nanny. Others have given the highest of praise to their living situations and find great joy in being with their families on a daily basis.

According to the [same study mentioned previously](#), statistically there is no correlation between spending more time with children and improved life satisfaction in retirement. That is not to say that people do not enjoy being with their children and grandchildren, but it does suggest that doing so daily does not typically contribute to your overall joy.<sup>iii</sup>

For some people living with adult children and their families is an appealing alternative to assisted living or nursing homes and may be decided upon well before advanced aging and the potential health implications that come with it. Though in theory living with your children can seem like a win-win, give it some long hard thought, or a trial run, before you truly commit.

## Relationships and Your Health

It can become more challenging to spend time with friends and family as you age. This can be associated with diminished health or lack of motivation to get out and be social. It is however, very important for your life satisfaction according to Finke, Ho and Huston, that you continue to engage socially and their research suggests that proximity can have an impact on the frequency of that social engagement.

There is a great deal of focus on how money impacts your well-being as you age, but the types of relationships that you have and maintain as you age can directly impact your satisfaction which, in turn, impacts your health and overall well-being.<sup>iv</sup>

Humans are social creatures. Since the beginning of civilization we have lived in groups. Friends meet our social need for support and companionship beyond that which our families provide. According to [The Nurses' Health Study](#) done at Harvard Medical School, the more friends



that women had as they aged the less likely they were to develop physical health problems. This study found the results so significant that the researchers concluded that not having close friends is as detrimental to our health as smoking or obesity.

Making friends later in life can be intimidating, but incorporating it as one of your retirement goals can be a good start. Getting involved in activities that you enjoy and include others can also help to stir the social pot. Whichever way you stay socially engaged, continue to do so as you age, because your health depends on it.

As with friendships, maintaining healthy relationship habits with your spouse can lead to higher life satisfaction.<sup>v</sup> The research from Finke et al confirmed that high quality marital relationships certainly contributed to satisfaction later in life, and it also explained that low-quality marriages resulted in less life satisfaction.

For more information on how marriages can be affected by retirement and how you can keep a healthy and happy relationship with your spouse please read our blog [How Will Your Marriage be Affected by Retirement](#).

## Happy Spending

While spending money should not be considered a leisure activity or something that brings immense satisfaction on its face, there is evidence to suggest that certain types of spending helps to enhance fulfillment and happiness as people age. Leisure spending, specifically on experiences rather than tangible items, had a positive impact on retirees.<sup>vi</sup>

So the next time you want to spend a little money, consider a concert, a Broadway show, or a bucket list vacation before you decide on the new TV, High-Tech Gadget or Car.

## Cost-Benefit

When considering life changes as you age is it important to explore the costs and benefits of those decisions beyond the money to truly understand the impact they will have on your personal satisfaction. Relocating to be with kids may sound ideal, but it may mean moving far away from friends and social activities that are fulfilling. Staying in your home as you age may make sense right now, but having a contingency plan is important for your future.



Aging is a part of life, and as is the case in all other life stages, happiness and fulfillment are important, if not critical, to our total well-being. Looking ahead and giving thought to how, where and in what manner you might age can have a lasting impact on you and those you love.

## Market Commentary

**By: Jay E. Pluimer, AIF®, CIMA®**

The New Year started off with the same steady gains that we experienced throughout 2017 before hitting a rough patch that has been broad based and moved stock markets into “market correction” territory (decline of at least 10%). Markets have shrugged off bad news throughout the past 12-18 months, continuing to post positive gains. This year is looking more “normal” as the markets have regained some of their usual volatility with more daily up/down market movements of 2% than we experienced all of last year. Unfortunately there were more down movements than up, as the US Stock Market dropped -0.6% and International Stocks fell -2.0%. We continued to see strength in a few notable large technology stocks, commonly referred to as FAANG (Facebook, Apple, Amazon, Netflix and Google), as the tech heavy Nasdaq Index gained 2.6%. Bond markets also lost ground (-1.5%) with a combination of rising interest rates and global uncertainty about potential trade wars.

Although increased volatility and market corrections can be unnerving, particularly if you watch the evening news or read market-oriented headlines, market events from the first quarter were very much within expectations. The strong market performance since 2015 had to hit a speed bump at some point, but the good news is that many of the fears underpinning the market movements don't seem to have strong legs. Global economies continue to grow at reasonable rates, interest rates are rising but still at very low levels, and market valuations are more attractive after the correction than they were at year-end. Over 75% of US Companies beat earnings expectations during the first quarter while inflation measures remain flat around 2% with minimal pressure from wage growth, all of which are positive signs for continued investment gains. We would expect volatility to remain somewhat elevated with a variety of geopolitical risks on the front burner, and many downside risks remain, but our patient approach with diversified portfolios should continue to support long-term investment goals. One important theme we will be paying attention to is

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when smaller companies with higher quality characteristics come back into favor, as the market cycle favoring large technology stocks may be getting long in the tooth.

For more information on investments and the markets this quarter, please review the [Quarterly Market Review](#).

## Conclusion

As always, we are here to listen to our clients and share our perspective. We hope that our newsletter and articles provide you with inspiration and useful information. We encourage you to share our resources with family and friends who you think would benefit from them. Happy spring!



Sincerely,  
Kathleen Longo and your Flourish Team

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i <https://www.kitces.com/blog/cfp-board-center-academic-research-colloquium-2018-recap-financial-planning-review-launch/>

ii <https://ashecon.confex.com/ashecon/2018/webprogram/Paper6146.html>

iii <https://poseidon01.ssrn.com/delivery.php?ID=154065122118103002002000068092082113055012055001044017064070065099009012127003065104122033059034098017008109006009026092014080104037039036017097024008105030104067123004060094090106004087027070095025107069098101092001107093078108069067090069016000085073&EXT=pdf>

iv. Ibid

v . Ibid

vi <https://www.kitces.com/blog/happy-money-and-the-science-of-spending-how-money-really-can-sometimes-buy-happiness/>