



ASK LARRY

“What is a Black Swan?”

Q: *The sudden plunge of the stock market has me really worried. Is this a “Black Swan?”—LW*

A: Yes. Any sudden, unexpected event like the current coronavirus pandemic can jolt and panic the market. Think 9/11 and the 2008 mortgage meltdown. I’m not a financial expert but read Evelyn Preston’s article “Beware The Black Swan” for some excellent advice, page 10.

Q “I’m 80 and fast running out of money due to major medical bills I cannot pay. How can I generate some extra income?—PJ

A: Unless you’re a multi-millionaire, it takes only one serious illness or accident to wipe out all your retirement savings. First-cut discretionary spending and downsize. Consider selling your home and buying something smaller or moving into a senior living community.

Depending where you live, you might build an Accessory Dwelling Unit (Granny Flat) in your backyard and rent it out for income. Or move into it yourself and rent out the big house.

You could also take out a reverse mortgage. Not for everyone but an equity loan could generate extra cash and allow you to live in your home as long as possible. Discuss your situation with a financial planner who can provide advice on rightsizing your life.

Q: *I need to invest for retirement income. Who should I believe and trust with my money?—TS*

A: Not an easy answer. Everyone including Certified Financial Planners (CFPs) need to earn a living. If you keep your investments simple and use low-cost index mutual funds such as Fidelity and Vanguard, you can manage your money yourself. Who better to trust than yourself?

Q: “Is it true that long-term care insurance companies avoid paying claims?”—SR

A: No. While there is plenty of negative press out there about claims, most people don’t understand what they own and how to properly file a claim. I’m not an expert on this subject but Dr. Stana Martin is. To help you on this subject, go to: www.MrsLTC.com.

Got a question?

As me anything. Email me at larry@activeover50.com. Ask Larry is written by Larry Hayes, CEO/Publisher of A050.