

BUSINESS

Calculate retirement needs now

When retirement was years away, calculating how much income you may need may have involved a lot of estimates. Now you can be more accurate. Consider the following factors:

1. The length of your retirement. The average 65-year-old man can expect to live about 17 more years; the average 65-year-old woman, 20 more years, according to the National Center for Health Statistics. Have you accounted for a retirement of 20 years or more?

2. Earned income. Working even part time during retirement can reduce your need to tap retirement assets for ongoing living expenses.

3. Your retirement lifestyle. Your lifestyle will help determine how much income you'll need to support yourself. A typical guideline is 60 percent to 80 percent of your final year's salary.

4. Health care costs and insurance. Most Americans are not eligible for Medicare until age 65, and even then, Medicare doesn't cover everything. You can purchase Medigap supplemental insurance to cover some of the extras, but even Medigap does not pay for everything. For more information, visit www.medicare.gov.

5. Inflation. Because the rate of inflation can vary over time, it's a good idea to tack on an additional 4 percent each year to help compensate for increases in the cost of living.

Running the numbers

The next step is to identify potential income sources, including Social Security, pensions and personal investments. Also review your asset allocation — namely, how you divide your portfolio among stocks, bonds and cash. You may live in retirement for a long time, so try to keep your portfolio working for

VINCE CIMINO
BUSINESS AND FINANCE



you now and in the future.

A new phase of planning

Once you've assessed your needs and income sources, it's time to look at tapping your nest egg. First, determine a prudent withdrawal rate. A common approach is to liquidate a maximum of 5 percent of your principal each year in retirement; however, your income needs may differ.

Next, you'll need to decide when and how much to withdraw from your tax-deferred and taxable investments. Investors are required to take annual with-

drawals from employer-sponsored retirement plans and traditional individual retirement accounts after age 70-1/2. Be aware that these withdrawals are subject to federal income tax.

The advantage of maintaining tax-deferred investments for as long as possible is their ability to compound on a pre-tax basis and thus offer greater earning potential than their taxable counterparts. In contrast, long-term capital gains from the sale of taxable investments are currently taxed at a maximum of 20 percent.

Vince Cimino, a certified financial planner who holds a master's in business administration, is a financial planner with Cimino & Associates Inc. in Clinton. Securities and advisory services are offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC. Contact him at vince@ciminoandassociates.com or (877) 676-2236.

Glamorous goods on Grand Avenue

Annabelle's boutique hosts wide selection at new location



IAN GRONAU/STAFF

Annabelle's owner Cindy McCracken shows off her eclectic wares at her new East Grand Avenue location in Beloit.

BUSINESS PROFILE

Business name: Annabelle's
Owner: Cindy McCracken
Address: 408 E. Grand Ave. in Beloit

Hours: 10 a.m. to 5:30 p.m. Tuesday through Friday. 10 a.m. to 4 p.m. Saturday. 8 a.m. to 3 p.m. during the farmers market

Phone: (608) 365-5426
Website: annabellesboutique.net

Type of business: Annabelle's is a boutique home and garden specialty shop with a French country, shabby chic and Parisian flair.

When did the business open? We opened in 2007, but we moved to our new location about three months ago.

How did you get into this line of work?

I used to work in retail and I've always wanted a shop of my own. So I started the boutique and named it after my mother.

What types of products and services does your business offer?

We sell a large variety of clothing, purses, scarves, perfume, soaps, bath products, home and garden decor, lotions, candles, gift items and more. We also offer in-home decoration and wardrobe consultation.

What has been the biggest challenge in your business?

It's always a challenge to get your name out there and build a following, but I think our new location has been helping with that.

What aspect of the business do you enjoy the most?

My favorite part is to work with all my customers. I enjoy meeting new people and helping them pick out gifts for friends and family. I also like selecting new items for our inventory, it's fun to go out and find unique and interesting pieces.

From what cities do your customers come?

I have customers from all over; Madison, Janesville, Rockford, Rockton, Roscoe, Belvidere and even some from Milwaukee.

What are your plans for the business?

I hope to continue finding new and unique items to sell at my shop. I am always looking for new inventory and trying out different products that might make a nice addition.

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