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Take Time to Reassess

Periodically, you should reassess your portfolio, finding ways to increase your comfort level with your stock investments. Consider the following tips:

✔ **Develop a stock investment philosophy.** Approach investing with a formal plan so you can make informed decisions with confidence, knowing you have carefully considered your options before investing.

✔ **Remind yourself why you are investing in stocks.** Write down your reasons for investing in each individual stock, indicating the long-term returns and short-term losses you expect. When market volatility makes you nervous, review your written reasons for investing as you did. That reminder should help keep you focused on the long term.

✔ **Monitor your stock investments so you understand the fundamentals of those stocks.** If you believe you have invested in a company with good long-term prospects, you are more likely to hold the stock during volatile periods.

✔ **Review your current asset allocation.** Revisit your asset allocation strategy, comparing your current allocation to your desired allocation. Now may be a good time to rebalance your portfolio, reallocating some of those stock investments to alternatives.

✔ **Determine how risky your stocks are compared to the overall market.** You can do this by reviewing betas for your individual stocks and calculating a beta for your entire stock portfolio. Beta, which can be found in a number of published services, is a statistical measure of how stock market movements have historically impacted a stock's price. By comparing the movements of the Standard & Poor's 500 (S&P 500) to the movements of a particular stock, a pattern develops that gauges the stock's exposure to stock market risk. Calculating a beta for your entire portfolio will give you a rough idea of how your stocks are likely to perform in a market decline or rally. If your stock

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Frankly Speaking

"Democracy is the process by which people choose the man who'll get the blame." -Bertrand Russell

"Everyone is a damn fool for at least five minutes a day; wisdom consists in not exceeding that limit." -Elbert Hubbard

By now the election has hopefully been resolved, (like it or not). Democracy is attributed to Greece but didn't really work, and we've spent 244 years proving them right. Or have we? The U.S. is a Democratic Republic, a democracy first and foremost, which is a government by the people; a republic second, having a division between the federal government and the states. If you didn't vote you have no right or reason to complain. If you did but 'your party' didn't get in, you have 4 years to help change things.

For an element of perspective, please call or email me. Remember, my job is to be here for you when things are bad! ❍❍❍

Take Time

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portfolio is riskier than you realized, you can take steps to reduce that risk by reallocating.

✔ **Keep the tax aspects of selling in mind.** While you may be tempted to lock in some of your gains, you may have to pay taxes on them if the stocks aren't held in tax-advantaged accounts. You'll have to pay at least 15% capital gains taxes (0% if your income is under certain limits) on any stocks held over one year. If your gains are substantial, it may take longer to overcome the tax bill than to overcome a downturn in the market.

✔ **Consider selling stocks if you have short-term cash needs.** If you are counting on your stock investments for short-term cash needs, look for an appropriate time to sell some stock. With short-term needs, you may not have time to wait for your stocks to rebound from a market decline.

✔ **Don't time the market.** During periods of market volatility, investors can get nervous and consider timing the market, which typically translates into exiting the market in fear of losses. Remember that most people, including professionals, have difficulty timing the market with any degree of accuracy. Significant market gains can occur in a matter of days, making it risky to be out of the market for any length of time.

✔ **Remember you are investing for the long term.** Even though short-term setbacks can give even the most experienced investors anxiety, remember that staying in the market for the long term, through different market cycles, can help manage the effects of market fluctuations.

Please call if you'd like help implementing strategies that may make you more comfortable with your stock holdings. ❍❍❍

Ways to Increase Savings

It's all well and good to talk about saving more money, but in reality, it is difficult to save when you don't have anything left after the bills are paid. That means that when you really need to save, you'll have to look for the cash in some unexpected places:

✔ Refinance your mortgage if the current interest rates are favorable. A general rule of thumb is that it is worth refinancing if you can secure a rate from ½% to 2% below your current rate. However, you will need to factor in the additional fees you will have to pay to make sure it's a good deal for you.

✔ Revert to a 30-year mortgage if you have fewer than 20 years left on your current mortgage and need to free up extra cash for saving each month.

✔ Make sure you are taking advantage of all savings perks with a 401(k) plan or IRA and any employer matching contributions offered.

✔ Use employer-sponsored benefits, like a pretax flex savings account for out-of-pocket medical expenses.

✔ Get rid of nonessential, recurring expenses. If you pay for an unused gym membership, cancel your contract. The same goes for any subscriptions that you can do without.

✔ Buy off-brand products. Most generic products are just about identical to the name-brand, but with different packaging. You'll save a significant amount just switching to the store brand.

✔ Use coupons. Most stores have digital apps for their weekly ads and coupon clipping.

✔ Repair expensive items instead of replacing them if it's not too expensive to fix.

✔ Review your insurance premiums every few months. Companies are competitive and may offer you lower options to lure you away from their rivals. Make sure you get every discount applicable to your situation, and see if bundling different types of insurance will lower your price even further.

✔ Cut out an expensive habit, like premium coffee beverages. At the very least, reduce the number of times you make purchases related to this habit and keep track of the money you save.

✔ Secure lower interest rates on your credit cards if you have a good credit score…or better yet, don't carry a balance on your credit cards at all.

✔ Utilize auto-pay for reduced rates, especially on student loan payments. You can also set up automatic payments for other fixed expenses, to ensure that you never have to pay a late fee for missing a payment.

✔ Keep up to date on your bank accounts to avoid overdraft fees.

✔ Make your home more energy-efficient to save on utility costs and make it more marketable when the time comes to sell.

✔ Conserve gas by driving slower. It's not exciting, but it works. Maintain the proper tire pressure, avoid hard braking, and use cruise control on highways to improve your gas mileage.

When you are intentional and deliberate about saving, you can find dollars where you once never thought to look. Each individual tip may yield small reward, but taken together over time, they really stack up. Please call if you'd like to discuss more ways to increase your savings. ❍❍❍

Overcoming 5 Retirement Fears

We've all heard stories about people losing their retirement money in a stock market crash, outliving their money, or incurring unexpected medical expenses that forces 80-year-olds back into the workforce. At times, these stories can seem overwhelming — even to the point of deterring people from planning for retirement. Are these fears likely to become realities? Probably not, but the truth is that they can happen. Here's how you can deal.

1. Outliving your money — There's a rule of thumb to decrease the odds of outliving your money over a 25 year retirement: by the time you're ready to retire, you should have saved 8 times your annual salary. To get there, gradually work up to it. For example, at age 35, you should have 1 times your current salary saved, then 3 times by 45, 5 times by 55, and so on.

Of course, the amount of money you need to have saved by the time you're ready to retire depends on a huge range of very individual factors: What are your plans for retirement? How old are you? Will you still have a mortgage? Do you have long-term-care insurance? To truly decrease the odds that you'll outlive your money, work with a financial advisor to develop a robust retirement plan — then stick to the plan and revisit it often to make sure it remains in alignment with your goals and your circumstances.

2. High inflation — What if inflation went up to 12–14% like in the 1970s? What would you do? It's not likely that inflation would spike similarly again. However, because it has happened before, you want to be prepared. This is where an annual review of your investments can be wise. In periods of very high inflation in the U.S., for example, you may need to adjust your investment strategy. If you are properly diversified, your portfolio should include investments that move opposite each other — so when one asset class or subclass is down, another is up.

3. Unexpected medical expenses before retirement — Unexpected medical expenses you may incur while you are still working could totally derail your retirement. To prepare for them, it's important to have insurance in place. Disability insurance will ensure that if you lose your income due to a disability, you will still be able to take care of your basic necessities. Life insurance will protect your family in the event of your death — especially important if your income was the key to your spouse's retirement.

4. Unexpected medical expenses during retirement — For most people, healthcare is one of the largest (often *the* largest) expense incurred during retirement. There are a few ways to prepare for medical emergencies: private health insurance to fill the gaps in Medicare, long-term-care insurance, and rainy day savings. For today's retirees, Medicare takes care of most medical expenses. However, you need savings to cover what insurance won't — like copays and expenses exceeding your insurance limit. And just as you save before retirement for unexpected expenses, so should you continue your rainy day fund in retirement; even if you are adequately insured, copays can be significant if you have a medical emergency.

5. Market crash — As with high inflation, the key to surviving a market crash is diversification. (To be clear: there is no way to insulate yourself completely from the effects of economic turmoil. But you can take steps to ensure that turmoil doesn't completely ruin your retirement plans.) As you get closer to retirement, you should be invested less heavily in equities and more in investments like bonds.

Please call if you'd like to discuss this in more detail. ❍❍❍

Get Your 401(k) Plan on Track

For many people, their 401(k) plan represents their most significant retirement savings vehicle. Thus, to make sure you have sufficient funds for retirement, you need to get your 401(k) plan on track. To do so, consider these tips:

✔ **Increase your contribution rate.** Strive for total contributions from you and your employer of approximately 10% to 15% of your salary. If you're not able to save that much right away, save what you can now and increase your contribution rate every six months until you reach that level. One way to accomplish that is to put all pay increases immediately into your 401(k) plan. At a minimum, make sure you're contributing enough to take advantage of all employer-matching contributions.

✔ **Rebalance your investments.** Don't select your investments once and then ignore your plan. Review your allocation annually to make sure it is close to your original allocation. If not, adjust your holdings to get your allocation back in line. Selling investments within your 401(k) plan does not generate tax liabilities, so you can make these changes without tax ramifications. Use this annual review to make sure you are still satisfied with your investment choices. Avoid common mistakes made when investing 401(k) assets, such as allocating too much to conservative investments, not diversifying among several investments, and investing too much in your employer's stock.

✔ **Don't raid your 401(k) balance.** Your 401(k) plan should only be used for your retirement. Don't even think about borrowing from the plan for any other purpose. Sure, that money might come in handy to use as a down payment on a home or to pay off some debts. But you don't want to get in the habit of using those funds for anything other than retirement. Similarly, if you change jobs, don't withdraw money from your 401(k) plan. Keep the money with your old employer or roll it over to your new 401(k) plan or an individual retirement account.

✔ **Seek guidance.** It is important to manage your 401(k) plan carefully to help maximize your future retirement income. If you're concerned about the long-term future, call for a review of your 401(k) plan. ❍❍❍

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Pay Yourself First

To force yourself to save regularly, treat those savings as a bill to yourself and pay that bill first. Consider these tips:

✔ **Reduce spending, diverting those reductions to savings.** One way to accomplish this is to cut back on your spending, perhaps reducing your expenditures for dining out, traveling, clothing, or entertainment. Another alternative is to find ways to spend less for the same items. For instance, get quotes for your car and home insurance from several companies, placing any premium reductions in savings.

✔ **Save all unexpected income.** Immediately save any money from tax refunds, bonuses, cash gifts, and inheritances. Before you get used to any salary increases, put that raise into savings.

✔ **Make saving automatic.** Resolve to immediately set up an investment account that automatically deducts money from your bank account every month. Another good alternative is to sign up for your company's 401(k) plan. *(Keep in mind that any automatic investing plan, such as dollar cost averaging, does not assure a profit or protect against loss in declining markets. Because such a strategy involves periodic investment, consider your financial ability and willingness to continue purchases through periods of low price levels.)* ❍❍❍

Financial Thoughts

Baby boomers are expected to transfer $68.4 trillion in wealth to heirs over the next 25 years (Source: *Journal of Financial Planning*, May 2020).

In a recent survey of those who do not expect to retire, 60% do not believe they will be able to afford retirement. The other 40% preferred not to retire in order to continue socializing with coworkers and maintain the mental stimulation of working. Only 25% of workers who are delaying their retirement are doing so because they want to maintain their medical insurance until they qualify for Medicare. Approximately 79% of workers are interested in the possibility of a phased retirement program (Source: MetLife, 2020).

Approximately 60% of U.S. adults do not have a will. And approximately 1/3 are missing a healthcare directive in their estate planning (Source: *Journal of Financial Planning*, April 2020).

About 55% of inheritances are less than $50,000 (Source: Federal Reserve, 2020).

Approximately 26% of of people who stop working entirely will return to work (Source: *Journal of Financial Planning*, November 2019). ❍❍❍