



“Are we saving enough for retirement?”

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OPEN EXCHANGE

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PLANNING FOR MARKET VOLATILITY

by Keith Benton, CFP®

One of the most common questions I get when preparing an allocation for somebody's retirement is "Can I afford to have risky assets in my account?" My simple answer is "yes." Most people need to have stocks as part of their overall retirement allocation. The trouble is, in retirement, you are no longer working so you can no longer keep contributing to an account. People in their 40s and 50s have decades before they need the money, so they can wait out a recovery. A correction in the markets can take on a different feeling than when you were contributing to an IRA or 401(k). In addition, market declines are exacerbated when you start pulling money out for basic living expenses. What can retirees do to sleep better? Here are a few things to consider:

Try to have a cash reserve allowance before you retire – Typically, two year's worth of living expenses will suffice. Of course, this will take some effort before you retire.

Watch your withdrawal amount – Planners want to make sure your money will last a lifetime, which can be 25 years or more. We will usually recommend a conservative withdrawal rate.

Be diversified – A diversified account will help to avoid large sustained losses during severe market declines. The key is to have a mix of investments which will allow you to maintain your purchasing power.

Examine current and future life events – For example; how long will you stay in your current residence? Will you downsize? Do you want to move closer to children or grandchildren?

Everybody's retirement situation is unique. People have very different needs, expenses, wants and goals. Talk to an advisor to make sure you are on the right track.

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FROM BRUCE

Fall has arrived! Time to tailgate and watch some football! As the year closes out, now is a good time to look over your finances and investments and make sure you're in good shape for next year!

In this issue of Open Exchange, Derek Hawk, CFP® and Keith Benton, CFP® are our featured writers. They discuss everything from saving for your child's college tuition to Amazon's major purchase this year.

Our Financial Advisors are here to review your investment plans and ensure your money is where it benefits you most. Whether you are contributing to a 529 Education Savings Plan, 401(k) or just have money invested in the stock market, our consultants will be glad to review your portfolio and assist you with important financial decisions for your future.

If someone who is not a member of Founders, they can call us at 1-800-845-1614 or visit RelaxJoinFounders.com to see if they qualify for membership. If you have any investment questions, please visit foundersfcuinvestments.com or call 1-866-739-7064. We'd love to help!

Bruce A. Brumfield
Founders President & CEO

529 Accounts

by Derek Hawk, CFP®

The benefits of an education are undeniable. There's a strong correlation between level of education and earning power. A recent Gallup poll found 73% of parents were worried about the cost of college – and for good reason. For a child born in 2014, the estimated cost to attend a four-year public college will be around \$285,000. Four years of private college are expected to cost over \$558,000. Today, college tuition and student loans are the top financial concern of young adults ages 20 to 28. For your children, grandchildren, nieces, nephews and other relatives or friends, one of the best things you can give them is the gift of a college education. It can help fund their future and everyone benefits from starting today.

You can create 529 accounts for as many individuals as you would like. Individuals can contribute up to \$14,000 annually per account without triggering gift taxes. Additionally, individuals can make an accelerated five-year gift of up to \$70,000. Married couples can contribute up to \$28,000 annually per account without triggering gift taxes. Married couples can also make an accelerated five-year gift of up to \$140,000. In doing so, not only are you moving money out of your estate without being subject to gift taxes, you're giving your loved ones much needed money for tuition and other educational costs – funds they won't be taxed on if used for qualified educational expenses.

Another benefit of 529 plans is, while the future student uses the funds for educational costs, you control the account, so you can be sure the funds will only be used for qualified educational expenses, such as tuition, room and board, and books. You can adjust the accounts' investments twice per year, and if the beneficiary doesn't use the money, part or all can be assigned to a new beneficiary within the family without income tax consequences.

We've talked a lot about big numbers, but when it comes to saving for college, every bit helps. You can contribute as often as you like, with very generous contribution limits. And it doesn't matter if college is just around the corner or 18 years away, you can start saving today.

Investors should consider their investment objectives, risks, charges and expenses associated with municipal fund securities before investing. This information is found in the issuer's official statement and should be read carefully before investing.

REMINDER: IF YOU ARE OVER 70½, DON'T FORGET TO WITHDRAW YOUR REQUIRED MINIMUM DISTRIBUTION.



introducing JAKE CARR

A lifelong entrepreneur, Founders Investment Services Advisor Jake Carr has always had a knack for business. His career path has taken him in many directions – from his early days of snow shoveling driveways in northwest Pennsylvania at age 8, to running a moderately sized landscaping company during his teenage years in Greenville, South Carolina.

Jake majored in Finance with a concentration in Financial Planning while obtaining his bachelor degree at Winthrop University. While at Winthrop, he completed an internship with Carroll Financial in Charlotte, North Carolina and also at Founders Investment Services working with David Tolson, Managing Director.

Jake's office is at the North Main Street location in Lancaster to serve the needs of our members in Lancaster County. Contact Jake at 803-289-5227 or by emailing carrj@ceteranetworks.com



welcoming SAMANTHA GAINER

We are excited to welcome Sam to the Investment Services team as David Tolson's additional assistant.

MARKET NEWS

Equity markets this year are being led higher by names in technology and biotechnology. Every week seems to bring a new headline from one of the blue chip technology or internet names. The biggest news of this quarter was Amazon's purchase of Whole Foods Market. Investors are still working to understand just how big and disruptive the major technology names may become.

International equities continue to perform as well with European stocks outpacing their U.S. counterparts during the first half of 2017. U.S. investors were also adding money to international investments. Flows into international mutual funds and exchange traded funds exceeded flows into their U.S. counterparts as well. We continue to see compelling valuations and investment opportunities overseas. Cycles in international investing tend to be long after underperforming for six of the last seven calendar years, investors should be patient with their current international holdings.

The Federal Reserve continues to raise short-term interest rates, but intermediate and long-term interest rates are still lower than they were at the beginning of 2017. Managing interest rate risk is important to us, as it should be to all investors today.

The views are those of Founders Federal Credit Union Investment Services and should not be construed as investment advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. Disclosure: Investors cannot invest directly in an index.

Market Watch

S&P 500 Index Year-to-Date Return
Ending September 1, 2017 + 11.29

Dow Jones Year-to-Date Return
Ending September 1, 2017 + 11.06

NASDAQ Composite Index Return
Ending September 1, 2017 + 19.42

* Investors cannot invest directly in an index.