

# *AFM News and Views*

## *June 2019*



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**Our mission** is to serve our clients, in an atmosphere of trust, to help grow and preserve their wealth. We provide personal attention and comprehensive strategies, striving to enable our clients to live and retire with stability. Alltrust Financial Management serves clients seeking comprehensive financial guidance, with a team approach, in a manner that continuously exceeds our clients' expectations. We are a recognized and respected financial management firm delivering trusted, personal attention.

## **You need a will — even if you're not 'rich'**

SOURCE: [www.marketwatch.com](http://www.marketwatch.com)

Chances are you've spent plenty of time pondering how much money you'll have available at retirement. But what have you done to plan for your estate? The sad truth is that most of us — some 70% of adult Americans — have neglected to write a will.

But wills aren't just vehicles for the wealthy or the morbid. If you've got a family and a home — not to mention a savings account — you should definitely have one. Cost is no excuse. While the average will drawn up by a lawyer typically runs from \$500 to \$1,000, you can get a simple will at a legal clinic for as little as \$75 or create your own with an online vendor for even less.

Writing a will, of course, is also your chance to clarify who gets what in your estate. Before you can do that, however, you have to tally up your assets. That includes your house, your investment portfolio, the value of your retirement plan account(s), and the payout(s) from any life insurance coverage. After adding these things up, most folks discover that they are worth more than they initially suspected.

Once you've got your assets listed, you can decide what you want to leave to whom and who will be executor of your estate. One important caveat: Make sure that the beneficiaries listed in your will match the beneficiaries you name for your insurance policy and for your 401(k) and any other retirement accounts. If not, the beneficiaries named in these other documents will be the ones who actually get the money.

Once you have a will in place, don't forget to update it regularly. You'll need to amend it whenever there is a big change in your family's circumstances — a birth, a death or marriage, or even if you move out of state. A will might seem like a hassle, but that's nothing compared with the hassles your heirs will experience if you die without one.

## How to tell if you are a 'snowplow parent'

SOURCE: [www.marketwatch.com](http://www.marketwatch.com)

Meet the latest parent-shaming label making the rounds: the "snowplow parent."

The term has been snowballing ever since recently a New York Times story used it in relation to the massive college cheating scandal, where 50 people were charged with fraud for paying upward of \$500,000 in bribes to fake their kids' credentials and test scores to get them into elite schools.

While it's natural for well-meaning moms and dads to want to offer help and guidance to help their kids succeed, the snowplow parent goes overboard to where the child never has a chance to learn resilience and resourcefulness by facing the setbacks and failures that are an inevitable part of real life.

Yet an eyebrow-raising new poll by the New York Times and Morning Consult found that three-quarters of the surveyed parents had made appointments like doctor visits or haircuts for their adult children (defined as ages 18 to 28). What's more:

- 11% said they would contact their grown child's employer if their kid had an issue.
  - 16% of those with children in college admitted they had texted or called their kid to wake them up so that they wouldn't sleep through class or an exam.
  - 8% had contacted a college professor or administrator about their kid's grades or a problem they were having.
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- **Lawn mower Parent:** Similar to the snowplow, this proactive parent "mows down" all of their child's struggles, challenges and discomforts. The term went viral after a WeAreTeachers community member wrote a post last summer about the extreme lengths parents in her schools were going to appease their kids. Sometimes also referred to as "bulldozer parents" or "curling parents" (for those who follow curling).

- **Helicopter Parent:** The “hovering” and overprotective parent falls into the snowplow or bulldoze camp, as he or she takes an excessive interest in their child’s life and tries to oversee every area — especially academics — from overhead. They have also been known to complain to a teacher about a bad grade, or an employer about their child’s workload, or to also actively waking their kids up on time by calling them even after they’ve left home.
- **Tiger Parent:** This tough-love, authoritarian style was coined by Yale law professor and mother of two daughters Amy Chua in her 2011 book, “Battle Hymn of the Tiger Mother,” and refers to raising a child in a tough, disciplinarian way that puts academics and extracurricular activities intended to give kids an advantage in academics ahead of leisure time.
- **Elephant Parent:** The opposite of the tiger parent, this one is very nurturing and protective, particularly while the child is under age 5, and put encouragement and emotional security over academic success, as described by this [2014 article in the Atlantic](#).
- **Jellyfish Parent:** These permissive parents have few rules and expectations, and often overindulge their children, according to a [2014 Psychology Today](#) article.
- **Dolphin Parent:** This “firm yet flexible” parent is a balance between the tiger and the jellyfish, according to the same [Psychology Today article](#). While they enforce rules and academic expectations, they also nurture creativity and independence in their children, and let them learn by trial and error.
- **Free-Range Parent:** The mother or father who lets their children walk to school, a friend’s house or a nearby playground alone, or who lets their child take public transportation by themselves, believing this builds independence and self-reliance in their kids. This controversial take has drawn backlash from those who fear this is dangerous or neglectful.

## Fewer than 25% of college graduates can answer 4 simple money questions correctly

SOURCE: [www.marketwatch.com](http://www.marketwatch.com)

### 1. Interest accumulation:

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

- a. More than \$102

- b. Exactly \$102
- c. Less than \$102
- d. Not sure

**2. Effects of payment behavior on credit cost:**

Assuming the following individuals have the same credit card with the same interest rate and balance, which will pay the most in interest on their credit card purchases over time?

- a. Joe, who makes the minimum payment on his credit card bill every month
- b. Jane, who pays the balance on her credit card in full every month
- c. Joyce, who sometimes pays the minimum, sometimes pays less than the minimum, and missed one payment on her credit card bill
- d. All of them will pay the same amount in interest over time
- e. Not sure

**3. Impact of repayment term on cost of credit:**

Imagine that there are two options when it comes to paying back a loan and both come with the same interest rate. Provided you have the needed funds, which option would you select to minimize your total costs over the life of the loan (i.e., all of your payments combined until the loan is completely paid off)?

- a. Option 1 allows you to take 10 years to pay back the loan
- b. Option 2 allows you to take 20 years to pay back the loan
- c. Both options have the same out-of-pocket cost over the life of the loan
- d. Not sure

**4. Interest terminology:**

Which of the following best defines the term “interest capitalization”?

- a. The type of interest charged on high-balance loans
- b. The addition of unpaid interest to the principal balance of a loan
- c. Interest that is charged when you postpone payments on your loan

**Answers: 1: A, 2: C, 3: A, 4: B**

Indeed, 83% of college grads carry a credit card, Sallie Mae revealed — and yet only about six in 10 say they pay the balance(s) in full and on time each month. And

nearly seven in 10 college students take out student loans, graduating with an average of nearly \$30,000 in debt.

**We would be happy to sit down with (or Facetime) your children or grandchildren to cover the basics of borrowing and investing – call on us anytime!**

**WEEKLY UPDATES ARE AVAILABLE**

LPL Financial's *Weekly Market Commentary* and *Weekly Economic Commentary* can be found on LPL Financial's website ([http://www.lplfinancial.com/learning\\_center/research/](http://www.lplfinancial.com/learning_center/research/)).

**OTHER UPDATES AVAILABLE FROM LPL RESEARCH DEPARTMENT**

- Daily market update: <http://LPLresearch.com>
- YouTube Channel: <http://www.youtube.com/lplresearch> (which can also be found on our website)

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Till next month,

The Alltrust Team

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