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Financial education is all about making good financial decisions and avoiding bad ones. The benefits to making *good* decisions are substantial. According to the Financial Educators Council, “Research shows that individuals that have taken a personal finance education course have higher savings rates, higher net worth, and make larger contributions to their 401(k) plans.”<sup>1</sup> Add all that up, and it means financially literate people have less debt, a better retirement, and *more money to live life the way they want.*

As a financial advisor, here are just a few topics I recommend taking time to educate yourself on:

- **Your cash flow.** Do you actually *know* how much you’re bringing in versus how much you’re spending? Understanding and improving your cash flow is one of the most important things you can do to save for the future and reach your financial goals.
- **The level of risk in your investment portfolio.** Many people invest too conservatively when they’re younger, reducing the chance of building a sizeable nest egg during their prime earning years. Conversely, many people invest too aggressively when they’re older, when they simply can’t afford to lose a large chunk of their retirement savings. Nobody does this on purpose—they simply don’t realize they’re doing it at all.
- **What kind of insurance you have and how much you’re paying for it.** It’s not uncommon for me to review a client’s insurance policies, only to find that they could either be paying less for what they’re getting, or getting more for what they’re paying.
- **Financial security.** These days, it’s easier than ever to fall prey to fraud or identity theft. It’s critical to know how you are vulnerable and what you can do to protect yourself.
- **Estate planning.** Do you have a will? Have you set up your Power of Attorney? What about your Advance Medical Directives? It’s never pleasant to think about the inevitable, and if you’re young and in good health, it’s easy to just dismiss the idea altogether. But take it from me: the peace of mind that comes with knowing your legacy is secure and your family taken care of (even if something unexpected happens) makes it all worth it.

Take a little bit of time to learn more about your own finances. I’ve sent you information on many of these topics in the past, and I’ll continue to do so in the future. Petra Financial has even created tools to help educate our clients on these topics and if you ever have any questions, don’t hesitate to let me know. In the meantime, never discount the value of a good education—especially when the topic is your own money.

<sup>1</sup> Shorb, Vince, “Financial Literacy and the Revival of the American Dream,” *National Financial Educators Council*, accessed March 29, 2013.

**ROLL THE DICE -**

Between 6/30/17 and 6/30/18, average home prices increased in all 50 US states. Nevada’s +17.0% average home price gain led the nation over the last year (source: Federal Housing Finance Agency).

**LATE -** Just 1 out of every 23 home mortgages in America (4.36%) was at least 1 payment past due as of the 2nd quarter 2018. That result is an improvement from the 1 out of every 10 home mortgages (9.85%) that was at least 1 payment past due as of the 2nd quarter 2010 or 8 years earlier (source: Mortgage Bankers Association).

**LARGEST FIRE EVER -**

The ongoing and growing Mendocino Complex fire, the largest in California history, has burned 422,396 acres. Since an average golf course covers 150 acres, the Mendocino fire has consumed the equivalent of 2,816 golf courses (source: Cal Fire).



*These are the views of James Steen & Jason Pearson. No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.*

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