

PERSPECTIVES

SUMMER 2016 EDITION

NAVIGATING THE **5** FINANCIAL STAGES

Knowing which financial goals to work toward at every point can help you successfully navigate key transitions and avoid critical mistakes.

EXPENSIVE STUDENT LOAN BLUNDERS FAMILIES DON'T WANT TO MAKE

Boredom Busters to Entertain Your Kids on a Road Trip

Chef's Secrets to **Steak**

ILG FINANCIAL
LLC
Financial Planning for Life

SUMMER MEMORIES

A Letter from Insert ILG Financial:

Greetings and a warm welcome to the summer 2016 issue of the *Perspectives* newsletter. Family is the focus of this season's issue because the first things that come to mind about summer are the memories we build with the ones we love.

Do you remember how the days would drag at the end of the school year and how sweet that final bell sounded? Or the smell of the grill the first time you lit it? These are some of the things we love best about summer.

Summer's here again. It's time for road trips, family vacations, and meals straight from the grill. Those of us still working look out our windows and remember the days when summer meant freedom from care. Now, we dream about weekend barbecues with family and friends and the trips we hope to take together.

In this issue, we share some tips for making road trips with children a lot more fun and a lot less stressful. We also delve into the science and technique of cooking the perfect steak in your kitchen, and we share a few favorite (and some unexpected) wine pairings to turn your steak dinner into an occasion. Let us know what you think.

Following our family theme, we explore five financial life stages and talk about how priorities shift and goals change as we age. We leave you with some steps to take at each stage, and we hope they'll spark some meaningful conversations in your family.



We also tackle the issue of student loans by discussing some common mistakes that can land college students—and their families—with too much debt. College looks very different from even ten years ago. Costs are up, loans are easy to come by, and many young adults get in over their heads. The article is worth a serious read if you know a college student.

Thank you to everyone who joined us at our Client Appreciation Event at Augustine Golf Club last Spring. We hope you enjoyed the evening of dinner and dancing as much as we did!

We are working on several upcoming events for the Summer and Fall 2016. In August we are planning a tour & dinner at the National Museum of the Marine Corps in Quantico, Virginia. We are also reserving seats for an upcoming performance at the Riverside Dinner Theatre. Please call our office at 540-720-5656 for more details!

Thank you for making ILG Financial a part of your summer. Best wishes to you and yours this season.

Sincerely,

Dave Lopez

Dave Lopez & ILG Financial

SAVE THE DATE



AUGUST 6, 2016
National Museum of the Marine Corps

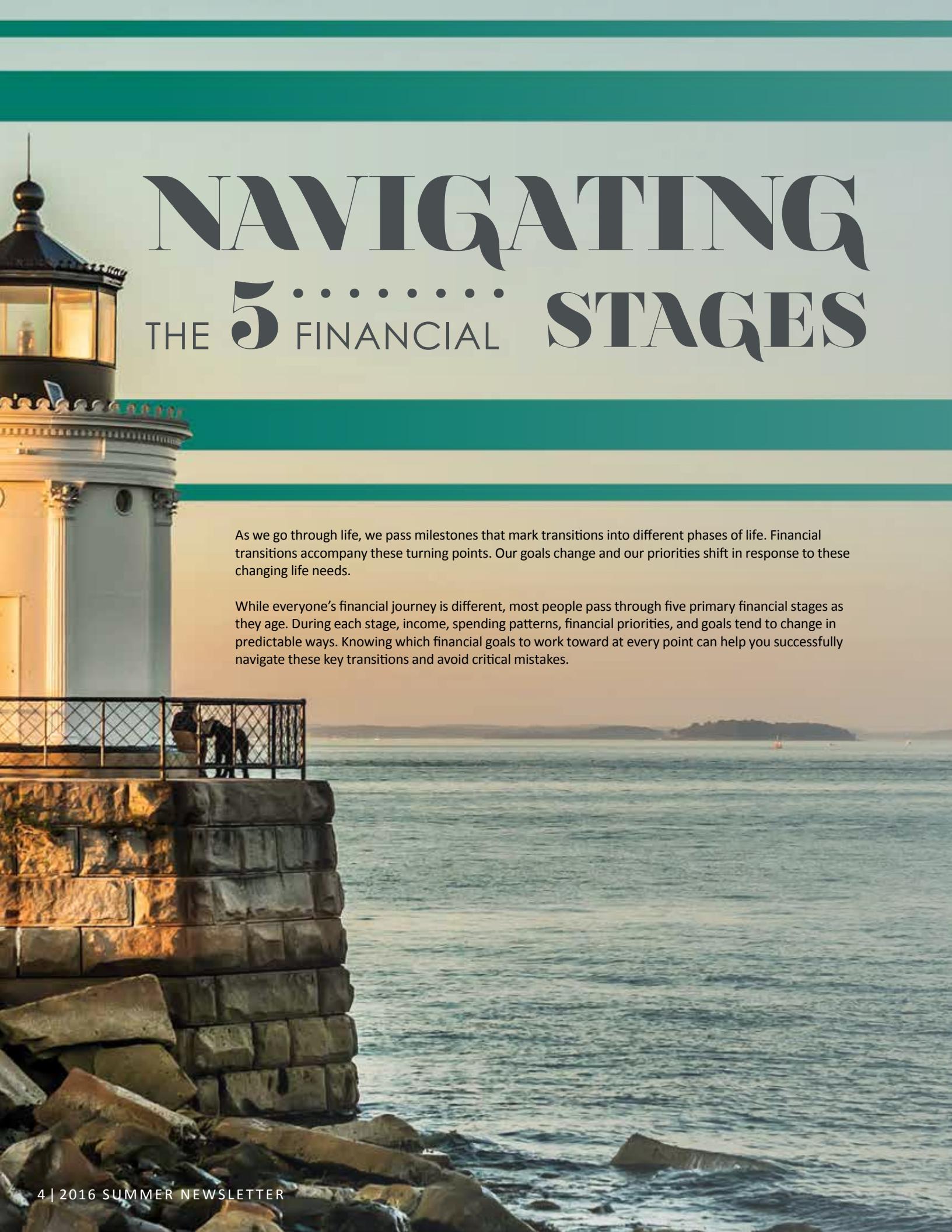
DECEMBER 3, 2016
Riverside Dinner Theatre

UPCOMING SEMINARS

Tuesday, July 28 2016
at Olde Towne Steak and Seafood in Fredericksburg

Tuesday, August 16 2016
at Carmello's in Manassas

Thursday, August 18 2016
at Carmello's in Manassas



NAVIGATING THE 5 FINANCIAL STAGES

As we go through life, we pass milestones that mark transitions into different phases of life. Financial transitions accompany these turning points. Our goals change and our priorities shift in response to these changing life needs.

While everyone's financial journey is different, most people pass through five primary financial stages as they age. During each stage, income, spending patterns, financial priorities, and goals tend to change in predictable ways. Knowing which financial goals to work toward at every point can help you successfully navigate these key transitions and avoid critical mistakes.

Stage 1: Starting Out

Financial success in your twenties and thirties is all about building good financial habits and staying out of debt. In this phase of life, you might be attending university, meeting a life partner, and exploring your career options. If spending outstrips income, budgeting and debt management become critical.

Financial goals typically include:

- Paying off student loans and staying out of debt
- Building savings
- Saving for a car or home
- Establishing a solid credit history

Stage 2: Building and Nurturing

As you get settled in your career, your income will grow, and you can devote more financial resources to long-term goals, such as retirement. If you get married and have a family, protecting your loved ones from unforeseen circumstances becomes critical. While some people will still be paying off student loans well into their thirties and forties, others can focus on boosting savings rates. As your income increases, it can be easy to fall into patterns of lifestyle inflation; working with a financial professional can help you to identify your goals and stay on track as you work toward them.

Financial goals typically include:

- Increasing income through promotions and training
- Buying a house
- Saving for a child's education
- Minimizing taxes
- Increasing retirement savings

- Helping kids establish themselves
- Caring for elderly parents
- Minimizing taxes
- Preparing for retirement

Feel as if you have a late start on saving for retirement? You're not alone.

A 2016 Retirement Confidence Survey found that just 20 percent of workers age fifty-five and older are confident about having enough money to live comfortably in retirement; A staggering 13 percent are not at all confident about their retirement preparations. If you're worried that it's already too late to have the retirement you want, take heart. It's never too late to start. Here are a few things you can do right now:

- *Speak to a professional about your retirement goals.*
- *Take advantage of catch-up contributions to sock away as much money as possible.*
- *Prepare for a gradual transition into retirement to allow your savings to grow.*
- *Cut back on your expenses to maximize savings and minimize your retirement budget.*

Remember: you'll never meet your financial goals if you don't get started.

Want to be a millionaire? Start early.

By making small, regular investments to retirement accounts in your twenties and thirties, your savings can grow tax deferred for decades. Starting early could easily make you a millionaire by the time you retire.

Stage 3: Looking to Retirement

As you enter your fifties and sixties, you might be in your peak earning years. If your kids also leave home, you can really boost your retirement nest egg with the extra income. However, you might also be helping your kids pay for their educations or milestones, such as weddings or first homes. Many preretirees are also taking care of elderly parents while balancing their own savings goals. Now is a critical time for retirement preparation; work with a professional to evaluate your current situation and test different retirement scenarios to help ensure that your nest egg is large enough.

Financial goals typically include:

- Maximizing retirement savings
- Paying off a mortgage and other debts

Stage 4: Transitioning to Retirement

With Americans increasingly living into their eighties, nineties, and later, retirement today looks very different than in decades past. If you're like many retirees, you might want to work as long as possible or transition into retirement gradually through consulting or part-time work. Easing into retirement can help you make the psychological adjustment and give your savings longer to grow. Travel, hobbies, and family time might become big parts of your life as you get to work on your bucket list. At this point in life, it's important to have a good grasp of your financial situation and to have strategies for helping your money last as long as you need.

Financial goals typically include:

- Turning retirement savings into income
- Managing longevity risk
- Maximizing Social Security income
- Minimizing taxes
- Supporting an active lifestyle

Stage 5: Entering Late Retirement

Life in your eighties and beyond will look different for everyone. For some, health concerns and aging will take center stage. For others, staying independent for as long as possible is their primary goal. You might travel less in these years if your mobility decreases and your interests shift to your family and community. Legacy and estate strategies become more important, and it's critical to begin to involve trusted relatives in your financial arrangements. If you don't already have legal protections in place, you should work with a legal team to draft powers of attorney and health directives.

Financial goals typically include:

- Optimizing retirement income
- Mitigating risk of running out of savings
- Managing health-care expenses
- Creating a lasting legacy
- Supporting aging through living arrangements

Are you prepared for cognitive decline?

Cognitive decline is a painful issue that no one likes to think about. Unfortunately, many seniors find themselves at risk of fraud, abuse, and theft when their mental faculties start to slip.

What would you like to happen if your loved ones notice that you are no longer able to manage your finances? Creating contingency plans and giving your financial professional permission to contact a trusted relative can help you protect your hard-earned savings as you age.

How We Can Help

Your financial life is defined by a progressive series of transitions and important life milestones: a first job, marriage, children, retirement, and more. As you move through these different stages of life, your financial needs change, and the value of professional advice can become more obvious.

As changes occur, it's important to review your financial strategies to make sure they support your financial goals. If you are working with a financial professional, keep him or her informed about life changes. If you're not currently receiving professional advice, you might find that sitting down with an objective professional can help you understand your options and gain clarity about the future. If you or someone you love is experiencing an important life transition, give us a call. We'd be happy to help. 

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Action Items for Each Financial Stage of Life

Starting Out

- Develop a budget*
- Pay down student loans*
- Build emergency savings*
- Maximize employer match to your retirement account*
- Sign up for auto-escalation to increase salary deferrals into your workplace retirement plan each year*
- Learn to negotiate to increase your salary*

Building and Nurturing

- Get life insurance*
- Add beneficiaries to financial accounts*
- Create estate strategies*
- Increase retirement savings*

Looking to Retirement

- Maximize retirement savings with catch-up contributions*
- Prepare for health care in retirement*
- Discuss your retirement goals with a professional*
- Identify the best Social Security claiming strategy*

Transitioning to Retirement

- Meet with a professional to review your financial situation*
- Create a retirement budget*
- Build retirement income strategies*
- Review health-care preparations*

Entering Late Retirement

- Prepare to downsize or move into alternative housing options*
- Review estate and legal preparations*
- Include trusted friends or relatives in your finances*



“Knowing which financial goals to work toward at every point can help you successfully navigate these key transitions and avoid critical mistakes.”



EXPENSIVE STUDENT LOAN BLUNDERS

FAMILIES DON'T WANT TO MAKE



Sending a child or grandchild off to college is an exciting time for a family. For the student, it's an opportunity to leave the nest and begin the first phase of adulthood; for parents and grandparents, it's a time to take pride in the years of hard work preparing the next generation for the real world. College is also the first time many young people become responsible for their own finances, and the habits they learn will help set the stage for their financial futures.

It's impossible to discuss higher education without thinking about the debts that many students and families take on. When the last recession took away many job opportunities for recent college graduates, a pattern emerged of young adults saddled with crippling debts, but they were unable to find work to pay those debts off. Though the labor market has recovered significantly and jobs for recent graduates continue to grow, student loan burdens are also increasing each year, making smart debt decisions critical to a young adult's future.¹ As a family, there is a lot you can do to send the young person you love off to college on a solid financial footing. One way is by helping that young person avoid these expensive student loan mistakes.

About 70 percent of four-year college graduates borrow to finance college. The average college student graduated with \$28,950 in debt in 2014.

Source: *The Institute for College Access and Success*

MISTAKE #1: BEING UNAWARE OF THE TRUE COST OF ATTENDANCE

When you think about the cost of college, your mind might jump immediately to tuition and academic expenses. However, the true cost of attending an institution is usually much higher; in fact, the College Board found that tuition and fees account for just 39 percent of the total college budget for in-state students of public four-year universities who live on campus.² Students who live in pricey dorms with mandatory meal plans or in expensive off-campus areas might find that their living and transportation expenses dwarf tuition and fees and drastically increase the overall cost of attending. Those who are unprepared for the full cost of college might end up taking on much higher loan balances than they originally anticipated. Here's what you can do: help your student understand the full "sticker price" of college. Each college and university is required by law to publish an average "Cost of Attendance" that includes estimates for tuition, fees, living expenses (for on-campus and off-campus housing), equipment, and transportation. Use these estimates to compare program costs and budget effectively for the year.

MISTAKE #2: USING STUDENT LOANS FOR OTHER PURPOSES

It's not uncommon for students to receive more money in loans than they actually need to pay college expenses each year. When loan checks arrive, it can be easy to feel flush with cash—especially when it's a student's first time managing money. Faced with these windfalls, many blow their loan money on expenses that aren't exactly academic: cars, spring break, clothing, and restaurants.³



WHAT DOES COLLEGE REALLY COST?

Average in-state public university:

\$24,061/year

Average private college:

\$47,831/year

2015–2016 College Board "Moderate Budget"

These mistakes won't just inflate student loan balances; they can also set the stage for bad financial habits later in life. It's very easy for students to get used to living beyond their means when they subsidize their lifestyles with debt. Here's what you can do: help students avoid taking on too much debt by saving loans for tuition and academic costs and paying living expenses by working and budgeting.

MISTAKE #3: FAILING TO THINK ABOUT LIFE AFTER COLLEGE

At some point, student loans are going to come due, and keeping debt at manageable levels means thinking ahead about how the student will pay off those loans on a postcollege salary. If possible, students should already be paying down their loans while in college to minimize the interest the loans accrue.

Here's what you can do: while it might be hard for students who are excited about the college experience to think about the future, it's a good idea to sit down together and discuss future earning potential based on a student's major and job opportunities in that major.

MISTAKE #4: FAILING TO TAKE FULL ADVANTAGE OF FEDERAL LOANS

After maximizing all scholarship and grant opportunities—financial aid that doesn't have to be repaid—students should always turn to federal loans first. While private loans have higher borrowing limits and can be used for a wider variety of expenses, it's generally better to exhaust federal loan options before turning to private lenders. Federal student loans, such as Direct Loans, Stafford Loans, or Perkins Loans, can be used to pay for an institution's published student budget and are more favorable to students in many ways:⁴

- The federal government will subsidize some types of loans by paying the interest while the student is in college, lowering the overall cost of borrowing.
- Students might qualify for loan forgiveness, forbearance, and other borrower protections after they graduate; these protections are generally not available for private loans.
- Federal loans typically have fixed interest rates, while private loans often have variable rates that can increase over time.
- While private loans require established credit history—often forcing students to seek parental cosigners—some federal loans don't require a credit check.

Here's what you can do: make sure that your student applies first to federal loan programs and maximizes those borrowing opportunities before applying to private lenders.

Always fill out the FAFSA each year, even if you don't expect to qualify for financial aid. Students can apply for additional grants and scholarships each year they are in college.

EMPLOYMENT STATISTICS BY MAJOR

MAJOR	UNEMPLOYMENT RATE	UNDEREMPLOYMENT RATE	MEDIAN EARLY CAREER SALARY
Nursing	2.0%	13.4%	\$48,000
Special Education	2.4%	14.9%	\$33,000
Computer Science	3.6%	24.6%	\$54,000
Finance	3.7%	36.8%	\$47,000
Accounting	4.0%	26.8%	\$45,000
Chemical Engineering	5.2%	17.0%	\$70,000
History	5.9%	56.6%	\$35,000
Political Science	7.2%	49.7%	\$38,000

Source: Federal Reserve Bank of New York, January 2016

HELPING YOUNG PEOPLE MAKE SMART DECISIONS ABOUT COLLEGE

When it comes to college, your children and grandchildren might be making decisions that are worth more than their first houses, and mistakes are costly. Graduating with too much debt can be harmful to a young person's financial future. A college grad who must devote a large share of his or her income to student loan repayments might have a harder time making progress toward other financial goals, such as buying a house or getting married.

Unless you're willing to let the young person in your life make such a major financial decision alone, it's important to make college preparation a collaborative process. Here's what you can do:

- Start talking about your family's financial situation early. Let children know how much you can contribute to their college educations, and discuss your mutual desires.
- Set expectations about what financial responsibilities the student will have for college.
- Help your student understand how much it will cost to pay off his or her student loan using online loan calculators.
- Work with your financial professional to help the student understand how debt works and how student loan debt will impact his or her future.
- Don't enable your student to take on more debt than he or she can responsibly repay.
- Always remember: there is no financial aid for retirement. Don't jeopardize your own financial future by taking on more debt than your family can afford.

¹<http://blogs.wsj.com/economics/2015/05/08/congratulations-class-of-2015-youre-the-most-indebted-ever-for-now/>

²<http://trends.collegeboard.org/sites/default/files/2015-trends-college-pricing-final-508.pdf>

³<http://www.usnews.com/education/best-colleges/paying-for-college/articles/2013/07/24/undergrads-blow-it-with-student-loan-refunds>

⁴<http://www.consumerfinance.gov/askcfpb/545/what-are-main-differences-between-federal-student-loans-and-private-student-loans.html>

HOW WE CAN HELP

As financial professionals, we help our clients navigate all of life's milestones, including college. We help families make informed decisions about financial aid and college costs. We also help our clients balance financial priorities, such as retirement, against the need to help their kids prepare for college. If you have questions about saving for college, making college more affordable, or estimating your family's expected contribution, please give us a call. We'd be happy to sit down and run the numbers together. 

Run the Numbers

Go to HamiltonProject.org and use the Undergraduate Student Loan Calculator to project how long it could take to repay student loans.

BOREDOM BUSTERS

TO ENTERTAIN YOUR KIDS ON A ROAD TRIP



GIVE EACH KID A PERSONALIZED TRAVEL BAG

Pick up some cheerful tote bags with fun and colorful cartoon designs. Fill them with toys and entertainment based on the ages and personal interests of your kids. Wrap some toys like presents to make your kids feel more excited, and tie each present to a milestone of the trip: the first rest stop, halfway there, overnight stop, etc.

Include fun activity books featuring coloring pages, word search games, crosswords, and mazes. If your children enjoy coloring, look for coloring books with travel images.

TIP: *Look for books with US road maps, state symbols, fun facts, and travel games to keep your little ones busy on the road.*

Traveling with kids and toddlers can quickly turn into an exercise in endurance for parents and grandparents. Kids love attention and entertainment (until they turn into tweeneragers, anyway), and you have to be creative to keep them happy, especially if you're going to keep them strapped in the back seat for a long road trip.

How do you entertain your children without turning your trip into the whining express? Whether you're planning a long family road trip or simply heading to Grandma's house, here are effective boredom busters to make the journey much less stressful for you and more fun for the kids.

BRING LOTS OF HEALTHY SNACKS

Hungry kids are more irritable, so stock your car with plenty of healthy snacks that will satiate your children's hunger on the go. It's best to choose foods that won't leave too much mess inside the car. Excellent snack ideas include dried fruits, frozen grapes, and whole fruits, such as bananas and apples. Granola bars, Greek yogurt granola bites, and nuts are also nutritious options. Additionally, prepare sliced carrots and veggies with dip, and pack them in sandwich boxes. If you can, make dinners special by allowing children to help choose the restaurant.

TIP: *If you have an infant or toddler, bring denture cleaning tablets and a plastic container to quickly sterilize pacifiers, eating utensils, and anything else that is hard to keep clean in the car.*

5 GREAT FAMILY CAR GAMES

1

Road Trip Bingo: This travel version of the popular game gets your kids looking for common items on the road. Look online for printable bingo sheets, and give one to each child on a clipboard with a marker.

2

License Plate Game: Ask your kids to find a license plate from every state in the country. Give younger children a map and ask them to mark each state. Older children can write each state down on a pad of paper.

3

Road Trip Alphabet: Get school-age children to find signs that start with every letter of the alphabet. If players get stuck at a difficult letter, such as *Q* or *Y*, they can find a word that includes that letter.

4

Twenty Questions: Take turns choosing an object, place, or person and having everyone else ask simple yes-or-no questions to identify it.

5

I'm Going on a Trip: In this fun memory game, players start by saying, "I'm going on a trip, and I'm taking..." Follow with something that starts with the letter *A*. The next player must repeat the phrase, including the first object, and add a second beginning with the letter *B*. The game continues, getting harder with each successive item until a player forgets an item and is out of the game. Give kids extra tries and hints to make the game easier, or drop the memory part entirely.

LEVERAGE AUDIO AND VIDEO

At some point, kids might get tired of their activities. Gadgets like DVD players, tablets, and MP4 players can be worth their weight in gold when attention starts to wander. Download fun, visually appealing, and kid-friendly movies and videos for hours of amusement. Some educational gadgets offer interactive reading, complete with narration, animation, and songs.

TIP: Check your local library for entertainment related to where you're traveling to engage children in the trip. Ask them to teach you something about what they learned.



DIVIDE AND CONQUER

If you have rowdy children who bicker and brawl on trips, it helps to assign particular seating. Place those who get along well beside each other, and separate siblings who tend to clash.

With some extra preparation, you can turn your road trip into a fun family outing instead of an endless stream of, "Are we there yet?" Start planning days ahead of your car trip, and make a checklist of all essential things to bring with you. Use the tips above to avoid meltdowns and keep your kids happy, well entertained, and satisfied throughout the trip.



chef's secrets to steak

A perfectly cooked steak is one of life's great pleasures, but the techniques and process behind it might seem intimidating to the home cook. It doesn't have to be. Pan-searing a steak is the perfect way to achieve a crisp, golden-brown crust and juicy meat bursting with flavor, all without the need for a grill or lengthy preparation.



Pick the Right Cut of Meat

The first and most important step in cooking the perfect steak is to choose a good cut of beef. The most popular cuts are rib eye, T-bone, strip, and tenderloin. Ask your butcher for a steak that's at least an inch thick with plenty of marbling, which is the term for fat contained in the meat. Fat is the source of much of a steak's flavor and moistness, so avoid lean cuts.

Season Wisely

A good steak doesn't need much seasoning. Kosher salt and fresh black pepper are the perfect complements to the natural flavor of beef. Resist the temptation to use a marinade. Not only does it mask the meaty flavor, but marinades also don't penetrate deep enough into the meat to have any real effect. However, aromatics such as garlic, shallots, or fresh herbs can be cooked in the pan alongside the steak to impart a subtle but delicious flavor.

Use the Right Pan

Cast iron pans are the perfect choice for pan-searing a steak. Because of their thickness, these pans maintain high heat for a long time, which is crucial to achieving a crispy sear. Lighter pans made of stainless steel or copper lose heat quickly, but they can still get the job done in a pinch. Never use a nonstick pan since the coating will prevent searing. Make sure your pan is as hot as you can get it by heating it in the oven or on a burner set to high.

Use Plenty of Oil

Some recipes call for searing steak in butter, but oil is preferable when searing-hot temperatures are involved. The milk proteins in butter have a low smoke point and will blacken and burn before the steak is properly seared, leaving the meat with an unpleasant flavor. Instead, start with vegetable oil—and plenty of it. Chefs recommend 1/4 cup of oil for the average twelve-inch skillet. If you love the rich flavor that butter imparts, wait until the steak is close to being done before adding it to the pan.

Baste during Cooking

Basting is the process of spooning melted fat, oil, and butter over the steak as it cooks. Simply tilt the pan to let all the liquid collect, then pour it over the meat using a spoon or other utensil. Basting helps the steak cook more evenly, helps develop a better crust, and keeps the meat moist. Basting is also a great time to add aromatics, such as fresh herbs, garlic, or shallots.

Let It Rest

A minute or two before your steak has reached the desired doneness according to the meat thermometer, resist the urge to cut and serve it right away. Instead, put the steak on a plate and tent it with a piece of aluminum foil. Let it sit for five minutes. Since steak will continue to cook from residual heat, always pull the steak out of the pan just before it reaches the desired temperature.

Anyone can cook a steak, but cooking a perfect steak requires a combination of knowledge and technique. By using the tips above, even a novice cook can master the art of cooking a steak.

wine pairings

how to choose a great wine for your steak

A great wine can elevate a perfect steak into an unforgettable experience. With a sea of wines to choose from, where do you start?

A robust California Cabernet Sauvignon is a classic pairing that can contribute to a great pan sauce and stand up to a well-marbled steak at the table.

Syrah, a peppery red with rich herbal notes, will beautifully complement a simple preparation and can also lend itself well to a leaner cut of meat.

An earthy Chilean Carménère is a sophisticated option; originally a Bordeaux varietal from France, it pairs wonderfully with lean cuts, such as tenderloin, but doesn't carry the Bordeaux price tag.

While most people associate steak with red wines, a white wine is a more adventurous choice.

Dry sparkling wines add some fresh acidity and carbonation to clear your palate between bites.

Try an extra brut champagne for a special splurge; the richness goes well with a well-marbled cut. Spanish cava is another option for bubbly.

An aged Riesling is an intriguing choice. Avoid sweet, fruity Rieslings in favor of dryer wines.

If you'd like some professional guidance, visit a local wine seller or restaurant to ask for wine recommendations with steak.

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Postage

Recipient Name
Street Address
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