LET'S TALK MONEY®
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Mutual Funds and ETFs: Alike but Different

Mutual funds* and exchange-traded funds* (ETFs) are both baskets of individual securities that offer a variety of asset classes and niche markets that can help investors diversify** their portfolios. There are differences between them, however, that could make one option preferable for a particular investor.

Mutual Funds

Initial investments are usually a flat dollar amount, which may or may not be affordable for an investor. Also, mutual funds are either actively managed or pinned to an index. *Earnings* can be taxable and are paid as dividends, capital gains distributions, or increases in the share price. Mutual funds allow automatic investments and withdrawals. Share prices are calculated at the end of each trading day when all trades are executed. Not all funds have a sales fee but do charge other fees and expenses, which vary.

Exchange-Traded Funds

ETFs are traded on an exchange, like stocks, throughout the day, so investors can purchase as few as one individual share. Most ETFs follow an index, but some are actively managed. Passively managed ETFs may have lower expenses and can be tax efficient because trades are only made to match changes in their index. However, some trades can trigger the capital gains tax. Index funds can be less volatile than those that follow a specific sector. ETFs can be relatively inexpensive, however, investing in them does include certain costs, which may include: operating expense ratio (OER), trading costs, commissions (if applicable), bid/ask spreads, and changes in discounts and premiums to an ETF's net asset value.

Your financial professional can review costs and help you decide whether mutual funds or ETFs will fit into your investment plan.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the fund before investing. Contact the issuing firm to obtain a prospectus, which should be read carefully before investing or sending money. Because mutual fund values fluctuate, redeemed shares may be worth more or less than their original value. Past performance won't guarantee future results. An investment in mutual funds may result in the loss of principal.*

*** Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*

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OnMark is a boutique financial services firm devoted to long-term relationships built on trust and commitment. Utilizing our distinctive process, we offer high touch advice with a sophisticated suite of financial planning services.

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You Have More Than One FICO® Score

Your FICO® score is based on the information in your credit report and shows lenders how likely you are to repay a loan. When you apply for credit, lenders use your score to determine the amount you can borrow and the interest rate you'll be charged. Typically, the higher your score, the better the rate.

FICO scores generally range from 300-850. The length of your credit history, your history of on-time bill payments, and the amount of debt you have relative to your available credit are some of the factors used in determining your credit score. Some industries have refined the base FICO score to reflect the type of credit the borrower is seeking.

FICO® Auto Scores are used by auto-financing lenders and give additional weight to your history of making on-time auto loan payments.

FICO® Bankcard Scores are used by credit card companies and take into account how responsible you've been with credit cards in the past, which affects whether you'll get credit and the interest rate you're charged.

Find Extra Cash Hiding in Plain Sight

Looking for extra dollars to invest? They might be right in front of you.

They're in the Kitchen

Instead of buying coffee on your way to work every morning and going out for lunch every day, bring a thermos of coffee from home and brown bag it at lunch time. Prepare a shopping list for the week and buy only what's on it to save money at the grocery store — and at the gas pump because you'll make only one trip.

They're in Your Wallet

It's easy to overspend when you're using a credit card. Instead, pay with cash or a debit card. You'll be limited to using money you have in your wallet or bank account.

They're in Your Phone and TV

Shopping for a less expensive phone plan could save a bundle each month. And can you really watch 300 cable channels, plus streaming options? Cutting back on subscriptions can put cash back in your pocket — and free up time for other activities in the process.

They're in Your Car

From shopping around for cheaper gas to comparing rates on auto insurance, you can save money on owning a car. If it's time to replace your vehicle, consider buying a previously owned model. You may find one with all the accessories you want for much less than a new car.

Talk to Your Spouse

You've discussed where you want to live, the next place to go on vacation, and whose family you'll spend the holidays with, but have you talked—really talked—about money? Financial issues are often a major source of stress between partners. Talking about money can lessen the stress and make sure you're both on the same page with your finances.

Start the Conversation

Knowing how each partner feels about money is a good starting point. If one of you is a frugal saver while the other likes to spend with abandon, you're going to have to compromise. As a couple, commit to saving a specific amount each month. Then set aside a small amount to use as a splurge so the spender won't feel deprived.

Who's Handling the Money?

Designating one person to pay the bills can be a sensible approach to managing expenses and help minimize the possibility for a payment to be overlooked. Discuss which one of you will take on the task. However, both of you should be knowledgeable about your finances and able to assume the role of money manager at any time.

Income and Debt

Will you completely merge your finances or keep some things separate? As a starting point, each partner should know the other partner's income. It's also important for both of you to know about outstanding debt, including student or personal loans, car payments or credit card balances. Consider opening a joint account to pay shared expenses and having individual accounts for personal expenses you're each responsible for paying.

Share Your Financial Goals

One of your most important discussions should be about your saving and investing goals. Share your feelings about the goals that are important to you, such as buying a home, funding college for your children, and saving for retirement. Both of you should develop a relationship with your financial planner, who will help you define your objectives and determine the best plan for achieving them.

Are You Above Average?

Here's a snapshot of the average U.S. household's finances. See how your own finances compare.

Gross Household Income:	$87,864
Checking Account Balance:	$10,618
Monthly Spending:	$ 5,102
Credit Card Debt:	$ 6,194
Household Debt:	$145,000
Social Security Monthly Retirement Benefit:	$ 1,514
Savings Rate:	13.7%
FICO® Score:	711

Average 401(k) Balance: $106,478

BY AGE GROUP:

Under 25:	$ 5,419	**45-54:**	$135,777
25-34:	$26,839	**55-64:**	$197,322
35-44:	$72,578	**65 +:**	$216,720

Average Retirement Savings: $407,490

BY GENERATION:

Gen Z:	$ 35,197
Millennials:	$ 166,430
Gen X:	$ 568,750
Baby Boomers:	$1,029,840

Source: 10 Financial Statistics of the Average American, May 10, 2021

Is a Balanced Fund Right for You?

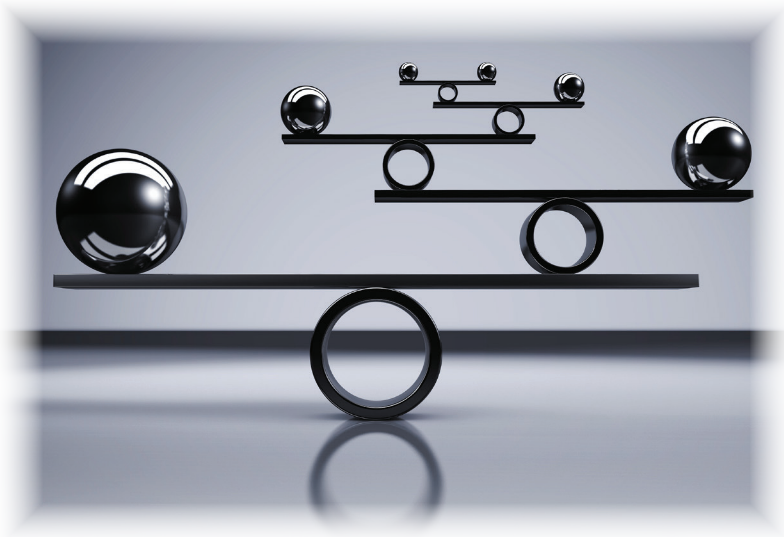
Balanced funds are mutual funds* that offer a fixed allocation of stocks and bonds. Their investment goal is a mix of capital growth and income with low volatility. You may want to consider balanced funds if you're near retirement or have a lower tolerance for investment risk.

What's in the Fund?

Balanced funds typically hold 50%-70% of their portfolios in stocks and the remainder in investment-grade bonds and cash. They offer a convenient way to achieve diversification** with a single fund. Expenses tend to be low, and investments are periodically rebalanced to retain the fund's stated asset allocation. Retirees and other investors having a low tolerance for risk may appreciate the moderate growth and steady income provided by these funds.

Stocks and Bonds

Balanced funds typically invest in the stocks of large, well-established companies and companies that pay dividends. Because the fund invests across a variety of stock types, the effects of underperforming stocks or market sectors may be minimized.



The fund's fixed-income component consists of investment-grade bonds, such as AAA-rated corporate debt and U.S. Treasuries, that provide income from interest. Stability from fixed-interest securities helps prevent wide fluctuations in the share price of a balanced mutual fund.

Some Disadvantages

Certain strategies, such as tax planning and laddering bonds to take advantage of interest rate changes, aren't possible with a balanced fund. Funds also may lack exposure to international markets that often perform differently from U.S. markets. Additionally, the fund's cash component may lower returns.

Your financial professional can review the pros and cons of balanced funds to determine if they fit with your goals.

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We Value Your Input...

Your feedback is very important to us. If you have any questions about the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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