LET'S TALK MONEY®

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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.

Investing for Income

Income investing involves building a portfolio that produces enough profit to pay out a regular income. The success of this strategy depends on selecting investments that are likely to provide a steady stream of cash. Now that interest rates have increased, the yields on fixed income investments are climbing, too.

What Types of Investments?

An income portfolio generally consists of investments having low volatility and a long track record of paying dividends or interest. It typically includes:

- Dividend-paying stocks (or mutual funds*), such as "Blue Chip" stocks, which are stocks of major companies with a history of maintaining or increasing dividends
- ETFs (exchange-traded funds)
- Bonds and other fixed income securities
- Cash equivalent investments, such as money market accounts, Treasury bills, and checking and savings accounts that are good for holding cash

Not Without Risk

All investing is subject to risk, including the possible loss of the money you invest. While a conservative portfolio designed to produce income is generally less volatile, it isn't risk free. Keep the following risks in mind:

- Inflation can reduce the purchasing power of returns.
- Companies may cut, or even eliminate, dividend payments if their profits decline significantly. While it's important to invest in companies with a long history of solid performance, it may not be enough to keep dividends from being affected
- Not reinvesting returns means you're missing out on compounding, which allows your original investment to grow over time

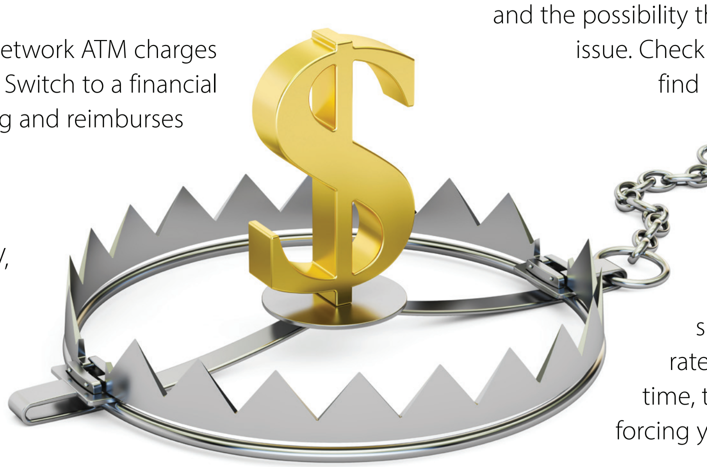
Work with a Professional

For income investing to be successful, it should be part of a long-term strategy that takes your goals and risk tolerance into account. Your financial professional can help you design a portfolio that meets your goals.

**Investors should carefully consider the investment objectives, risks, charges, and expenses of the fund before investing. Read the prospectus 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.*

Steer Clear of Money-wasting Traps

You work hard for your money, so you don't want to spend it frivolously. Keep control of your finances by avoiding traps like these that can waste your cash.



Bank Fees

Monthly service fees and out-of-network ATM charges can cost you money each month. Switch to a financial institution that offers free checking and reimburses ATM charges.

Free Trials

Subscription services for music, TV, etc., may offer you a limited-time free trial, which you'll generally have to secure with a credit card. Make sure you know what the cost will be once the trial ends and how to contact the company if you want to cancel.

Extended Warranties

The downside of these plans includes their typically high cost and the possibility that the warranty won't cover your issue. Check with your credit card company to find out if your card includes warranty coverage for purchases charged to your card.

Cash Advance Loans

Payday lenders lend you a portion of your upcoming paycheck as a short-term loan at a high interest rate. If you fail to repay the loan on time, the lender may add on high fees, forcing you to borrow even more.

Investment Scams

Someone you don't know calls you or sends an email about an investment opportunity that you have to jump on right away, so you don't miss out. Hang up or delete the message.

Budgeting During Uncertain Times

The economy has been on an uncertain path lately. More and more people earn income that varies each month due to fluctuating work hours or multiple part-time jobs, making budgeting a difficult task. Still, you can start the new year off right by improving your money management skills, even when your monthly income is uncertain.

Add up your fixed expenses. Include food, mortgage, or rent, utilities, transportation, and health insurance. The total is the minimum amount you need to earn each month to live on.

Save extra cash. Set aside any money that is over the basic amount you need to live on in a savings account. If you won't need the money for several months, consider putting it in a money market account, which typically earns a higher rate of interest than a savings account.

Look ahead. If you discover you won't have enough income in the near future, look for ways to get ahead of the shortfall. Picking up extra hours at a part-time job or volunteering for overtime may put you in a better place financially.

Avoid overspending. It might be tempting to spend more in the months when you have extra cash but doing so could put you right back in deficit territory. It's okay to treat yourself within limits but put the bulk of your money into your savings account.

Start a side hustle. Turning a hobby into a business can bring in extra income. Apply to sell your items at flea markets and craft fairs held at local schools or churches. Or get together with friends and hold a sale in your home.

Make Your Mortgage Easier to Live With

The upside to owning a house is you're building equity. The downside is the substantial amount of interest you'll pay over the life of the loan. Finding a way to reduce that amount is a smart financial move.

Just Getting Started?

Shop around for a lender with the lowest interest rate. You'll pay far less in interest on a 15-year mortgage than a 30-year loan. And a substantial down payment means you'll have to borrow less.

Already a Homeowner?

You may be able to save interest by putting additional money toward the loan principal each month, allowing you to pay off your mortgage faster. But check with your lender first to make sure that there will not be any pre-payment penalties.

Steps to Take First

Before employing either of these strategies, make sure your financial house in in order.

- Pay off all other debts, including personal loans and credit card balances.
- Save at least three-to-six months' worth of living expenses in an emergency fund account that you can easily access without paying a penalty.
- Contribute a minimum of 15% of your income to an employer's retirement plan or an individual retirement account (IRA).

Power Surges: Are You Protected?

The lights flicker off, and your computer screen goes blank. When the lights come back on, your computer doesn't. A power surge could be the reason.

Power surges are sudden spikes in electrical voltage. They're often caused by lightning strikes or bad weather that knocks out power. A surge can come through cable TV, a satellite dish, telephone lines, or electrical service lines. It can instantly overload and short out the circuitry of electronics, such as air conditioners, televisions, computers, cell phones, and appliances.

In-home Protection

You can install devices that may help protect against power surges. Special electrical outlets and point-of-use power strips that offer surge protection can prevent damage to electronics. Another option is a service entrance surge protector that mounts on your home's main electrical panel or at the base of your electrical meter.

Insurance Can Help

Homeowners insurance typically covers the cost of replacing an electrical or electronic device that is damaged by a power surge. Check your policy for coverage details.

Top Reasons for Power Outage Increases

Power outages have been steadily increasing in the U.S., both in frequency and duration. According to the U.S. Energy Information Administration, electricity customers experienced slightly more than eight hours of power interruptions in 2020, up from 3.5 hours in 2013, the first year that data was collected.

CAUSES OF POWER OUTAGES

Aging Equipment

High Energy Demand

Major Weather Events and Natural Disasters

Animal/Bird Interference

Vehicle Accidents

Are Your Finances Ready for the New Year?

If you're not sure whether your financial strategy is as comprehensive as it could be, a checklist and your financial professional can help. Get a fresh start in the new year by reviewing the items on the list to see if you're on track.

- List your assets, including investments, savings, retirement accounts, real estate, college funds, and other valuables. Then list liabilities, such as your mortgage; student, personal and car loans; and credit card debt to see the big picture.
- Revisit your budget. If it's stretched thin every month, look for ways to reduce costs. Cable and streaming services, cell phone plans, and dining and entertainment are good places to start.
- Save money in an emergency fund to cover living expenses for three months to a year.
- Come up with a plan to pay off debt, especially high-interest credit cards.
- Check your credit score and credit reports from the three major credit reporting bureaus: TransUnion, Equifax, and Experian. Accessing one report now and the other two at different times during the year can keep you on top of any changes.
- Review your investments and rebalance your portfolio if your asset allocation or your risk tolerance has changed.
- Estimate retirement income needs. Contribute the maximum to an employer's retirement plan, or at least enough to receive any employer matching funds. No plan at work? Consider opening a traditional or Roth individual retirement account.
- Save for college with the guidance of your financial professional. Starting early and saving consistently is best.
- Check your estate planning documents. At a minimum, you need a will; durable powers of attorney for health care and finances; and a health care proxy specifying your treatment preferences.

- Review your insurance coverage. Protection for yourself and your family might include life, disability, auto, homeowners/renters, long-term care, and umbrella policies.
- Schedule a meeting with your financial professional to discuss any concerns.

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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