



FINANCIAL ACHIEVEMENT SERVICES INC.

THE NAVIGATOR

NEWS FROM TEAM FAS

April, 2019

SMART PLANNING FOR AGES 45-60

FINANCIAL GUIDANCE ABOUT RESERVES, ESTATE PLANNING AND HEALTH INSURANCE



PRESIDENT'S MESSAGE

MATT ARNOLD, CFP®
President of FAS

Greetings everyone and welcome to 2019.

This edition of The Navigator shifts back to discussing some of life's "milestones." According to the dictionary, a milestone is a significant event in your life. Often a milestone marks the start of a new chapter. At FAS, we are happy to be able to share in many of your milestones. Whether it is the opening of your first investment account, your first full time job and 401(k), marriage, the purchase of a home, your first child or grandchild, the last child to graduate college, having all the children off your payroll, and lets not forget... the day you claim your financial independence. Or as some might say, "retirement."

Several of our past newsletters focused on the milestones of early life, from ages 18-45. These editions are available on our website if you missed them. This issue, we'll be discussing the important things to remember from age 45-60. We hope you'll find this information helpful.

We have also shared some of our own personal milestones in previous issues and I want to take a moment to add to the list:

- We are celebrating our 42nd year as a firm.
- This spring we will celebrate several employment anniversaries: Mark Wright - 20 years, Dawn Oswalt - 20 years, and myself at 35 years.
- Mark and his wife Melissa also enjoyed a major milestone, as their son Andrew got married this past year. Congratulations to Andrew and Alli!

We all have shared in some milestones together. Here are a few "fun financial facts:"

July 2019 will mark the longest stretch in our nation's economy without a recession.¹ We have had eight "corrections" in the stock market since 2010. A "correction" is when the market drops at least 10 percent but not more than 20 percent and often recovers in four months. These are frequently viewed as good for the market and the economy. The last one was in the 4th quarter of 2018. For the first time in a long time was the downward movement so clearly captured on a quarter's statement. Normally these corrections happen over the course of several quarters so your statements never quite capture the high of the high and the low of the low as your last quarterly statement. In that vein, December 2018 was the worst December in the stock market since 1931. We seem to be recovering from the market low on Christmas eve quite nicely.

A reminder: April 15th is the last date to open and/or contribute to an IRA for 2018 but we really prefer to not cut things that close so if you are thinking you would like to make a contribution, please give us a call as soon as you can so we can chat about it.

Required Minimum Distributions to Charities: For those of you age 70.5 please don't forget you can direct funds from your IRA a distribution to your charity of choice and not have to pay tax on the distribution. Be sure to make your tax preparer aware that you have taken advantage of this benefit though. The tax documents from your IRAs do not report your directed funds to charity and your tax preparer won't know that you did this unless you tell them. Give us a call for details or questions.



FAS

GUIDANCE FOR AGES 45-60

In like a lion out like a lamb... let's hope! This description of spring can be the same for this period of life. At the 45 mark it seems most are experiencing the highest financial demands in life. From your mortgage, to vehicles and insurance for young drivers and the cost of sending the kids to college, it can feel like it will never end. Have faith! There is light at the end of the tunnel.

This is a good period for most in their career as income or wages have never been higher. We often see a spouse return to the work force after choosing to be home with the children. This is an important time for a family to have all the financial help it can get. Here are some of the things we'll want to keep an eye out for as you move through this chapter in your life:

RESERVES:

There are many different rules of thumb on how much should one have in reserve. Some say three months expenses while other say six months. You may personally feel the need to have more. One thing is for sure, there is rarely a time that your reserves can be "too much." Now is a good time to explore short term CD rates are paying at your bank. With the interest rates rising, we now see 12 month CDs in the 2.4% range. You can stagger the maturity dates (called a ladder) so that every quarter a CD matures for a larger sum. If reserves have been depleted, think of taking advantage of your tax refund as a source to replenish what you keep liquid.

YOUR COMPANY RETIREMENT PLAN:

Many 401(k) plans offer the ability to enroll in an "automatic increase" feature so that each year your contribution rate automatically increases by 1%. This is a good idea to consider because as your wages increase you won't feel the increase in contribution in your day to day. But your retirement will bear the fruit! Depending on your personal income tax situation, it could make sense

to contribute to a Roth IRA for the amount you are able to save over and above your company match. What is the advantage of this? You may be able to access your contributions after 5 years without any penalty or tax, at any age. Think of this as allowing for additional money to be directed towards retirement yet accessible for other needs should they arise.

REVIEW YOUR ESTATE PLAN:

It may be time to review and rethink your Estate Plan and documents. Many obtain their first set of estate documents when they begin to have a family. Now that everyone is older, it could mean the people you listed as guardians, power of attorney or alternate executors might need to be updated. Often our parents are listed in the first set of documents we obtain and as we age and our families grow, this may need to change. Considering your siblings may now be a good choice. Usually there will be at least one more revision to your documents when your children mature to the point where you are comfortable in naming them as your back up. This would also include a review of your personal life and disability insurance plan.



8:30AM-11:30AM

MARK YOUR CALENDARS! DOCUMENT SHRED DAY

It's almost time for our annual Document Shred Day! Protect your sensitive personal information by shredding your paper documents with us free of charge. Join us at the FAS office on Saturday, July 13 from 8:30AM – 11:30AM.

No appointment is necessary. Just bring your box of documents and we'll take care of the rest!

DEBT RETIREMENT:

The biggest debt we normally carry is our residential mortgage. We like to encourage that by the time you turn to retirement, the mortgage is paid off. So in this stretch it could be a good thing to pay an extra amount each month on the mortgage to see if it can be retired before you do.

COLLEGE:

College costs are usually something that causes plenty of anxiety in the family. To help deal with this expense, you may consider encouraging your child to take college courses while in high school. We have seen many students graduate from high school with an associates degree! This is a tremendous benefit to all involved with very little associated costs.

Each family deals with paying for their children's school differently. If you are going to financially assist your children, we encourage a reward method. One of our favorites was shared with us by a client. They determined how much they were willing and able to assist each child per year. They permitted the student to take the first semester of college to just get acclimated with their new life but at the start of the second semester, a part time job was required. Not that it contributed that much to the bottom line, but it taught a life lesson and cased them to be financially invested in their education as well. At the very same time, the parents would financially help their children based on their grades. So that would provide a certain level of help for classes that the student received an "A," a lesser amount if they earned a "B," and an even lesser amount if they earned a "C". This provided the environment to reaffirm what they were at college to do: Get good grades.

TEACH YOUR CHILDREN THE BASICS:

In this chapter it is often the time your children obtain their first part time job. We think that this is a good time to begin to teach them good financial management principles and even to start investing. We all know that sometimes these messages are best heard when they don't come from mom or dad. We will always make time in our schedules to sit down with your children and educate them and to coach them on making good financial decisions. There is no cost for this service and we enjoy helping to influence the next generation of adults.

ARE YOUR PARENTS AFFAIRS IN ORDER?

At the same time you are preparing your children to launch out on their own to be independent, it might be time to check in with your parents. This can be a delicate subject and not all parents appreciate the concern. That being said, if your parents don't work with a financial advisor, it may be time to consider a review meeting for them or with them to be sure their affairs are in order. Are their assets titled correctly to avoid probate? Do they have the necessary and up to date estate documents? Do they/you know where the documents are located? Is there a list of accounts somewhere so that if someone has to step in and manage finances, they know where to begin? Who are their trusted advisors (accountant, attorney, financial advisor)? Have they considered making their wishes known about their final arrangements? Parents don't have to "share everything" but could share enough to make a sudden illness less of a stressful event on the family.

HEALTH INSURANCE:

This can be a real challenge if a person doesn't receive coverage through an employer. We recently had a self employed client share with us they were paying about \$24,000 per year for a family of three and had a \$12,000 deductible. As an alternative, they went outside the box for what they feel is a superior alternative. The spouse enrolled as a student at a local college. It takes 6 hours per semester to be eligible for the health insurance offered to students by the university. This coverage costs \$6,000 per year and has a \$500 deductible. In addition, their family doctor is now back in network! So they figured that the cost of 6 credit hours to be able to get a more affordable insurance option is well worth it. There is rumor that next year a requirement is being added that the student has to be in a degree seeking program that might make this a little less attractive.

As we near the end of this chapter in our lives, usually things are starting to calm down, even out, and get better. Our goal is to strategically navigate these milestones so this phase "goes out like a lamb" as we ease into the next phase.

"We will always make time in our schedules to sit down with your children and educate them and to coach them on making good financial decisions."

¹ Source: NBER, Economic Cycle Research Institute (Note: current expansion still in progress.)

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MARK YOUR CALENDARS FOR THESE UPCOMING COMMUNITY EVENTS!



We love our community, and support many local organizations and events throughout the year.

If you're an FAS client and would like to participate in one of the races listed here, FAS will happily pay your entry fee!

Contact Angie DeGideo at the office for a registration form. *You must register in advance to take advantage of this perk!*

Scentral Park 5k: Saturday, April 20

A canine-friendly race benefitting Darke County's only dog park!

6th Annual YOLO Festival of Races: May 18th

All proceeds donated to the YOLO Urban Park Project in Greenville

Poultry Days 5K: June 15th (Versailles)

All proceeds donated to YOLO's Amphitheater Project in Heritage Park

Document Shred Day: Saturday, July 13th, 8:30-11:30 am

Marling Band Shell Concerts: June - September

These are free concerts at Greenville's new Marling Band Shell in the city park and FAS is proud to be a sponsor. Follow the "Concerts in the Park" schedule at: facebook.com/GreenvilleMunicipalConcertBand

June 30: Concert Band

July 7: Concert Band - Independence Celebration

July 14: Concert Band

July 21: Jazz Band

August 4: Concert Band

August 11: Concert Band

August 25: Jazz Band

September 1: Concert Band