LET'S TALK MONEY®

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Managing Market Volatility

It seems like any piece of news can either rattle or encourage stock markets these days, propelling stock prices to rapidly decrease or increase and giving some investors heartburn as they worry and watch. If you are a long-term investor, you typically don't need to fret about short-term volatility. But if you can't help worrying or you have a shorter investment timeframe, consider the following tips to help ease your concerns.

Time is Plentiful

If you are years away from your goals, time is on your side. If you are one of those investors who can't stop worrying over market performance, take comfort knowing market volatility is quite common. You may find that most downturns are usually short relative to your investing timeframe and you have the ability to ride out short-term declines.

Regardless of timeframe, never invest in a way that makes you feel uncomfortable. While markets ebb and flow, individual securities and those of smaller industries can decline and never return to their former glory, leaving investors with permanent losses. Work with your financial professional to ensure you have a mix of investments that helps compensate for the poor performance of a few.

Time is Short

Stories abound of investors nearing retirement who were invested too aggressively during the last recession and needed to continue working to make up for their losses. If you expect to begin taking distributions from your investment accounts soon, you may want to have a more conservative portfolio mix that provides both the security and hedge against inflation you may need.

A more conservative approach may potentially limit losses, as can spreading your risk by diversifying* among and within asset classes. Diversify by asset class by spreading your investment dollars among stock, fixed income and money market asset classes. Diversify within an asset class, for example, by choosing large-cap and small stocks and domestic and international equities.

** 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.*

OnMark Asset Management, LLC

Know Your 401(k) Words

If you're like many workers, you contribute to a company-sponsored 401(k) plan, but you might not understand all the financial jargon that comes with one. If you're among the justifiably confused, some of these definitions may clear up any uncertainty.

Beneficiary

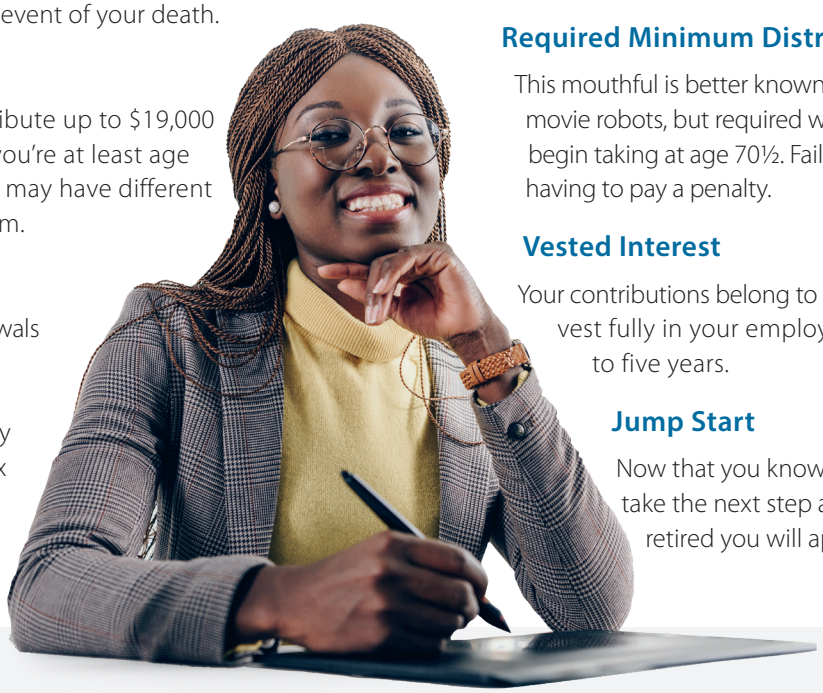
As with a life insurance policy, you'll need to name one or more beneficiaries of your 401(k) plan so its assets can pass as intended in the event of your death.

Contribution Limit

In 2019, you may contribute up to $19,000 plus another $6,000 if you're at least age 50. Your plan, however, may have different limits, so ask about them.

Distributions

The IRS refers to withdrawals as distributions. Taking distributions before age 59½ will cause you to pay a penalty and income tax on the amount, with a few exceptions.



Match

That's how much of your contributions an employer matches. Make it a point to contribute enough to take full advantage of the match.

Required Minimum Distributions

This mouthful is better known as RMDs. They are not space movie robots, but required withdrawals you generally must begin taking at age 70½. Failure to do so may result in you having to pay a penalty.

Vested Interest

Your contributions belong to you, but you may not immediately vest fully in your employer's match, which can take up to five years.

Jump Start

Now that you know a few more 401(k) plan words, take the next step and begin contributing more. The retired you will appreciate your early efforts.

Building an Emergency Fund

When the government partially shut down last January, we learned that many Americans didn't have even one paycheck's worth of savings to tide them over. Having an emergency fund is essential to help ensure funds are available when unexpected financial hardships occur.

Put It in Writing

For many people, writing it down makes saving money for an emergency fund real, not theoretical. Talk with your loved ones to discuss how much you need and solicit ways to find the extra dollars that can add up over time. Make a chart and track how much you're able to save each month toward your goal.

Show Me the Money

Whether part-time gigging or selling unwanted items via the Internet or smartphone apps, you can potentially increase your disposable income — and your emergency funds — quickly. Same thing goes for raises and bonuses from work. Keep your car an extra year or two to go without monthly car payments. Keep your phone, too, with new smartphone prices soaring.

Make Small Sacrifices

Passing on one $5 designer latte, one $10 lunch and one $75 dinner every two weeks are other ways to help increase your funds quickly.

Make Bigger Sacrifices

Still looking for free money to increase your emergency funds? Maybe you need to free it up by first creating a budget that includes your income and itemized expenses. Little adjustments add up. Scour your phone and cable bills to eliminate unneeded services. Study your clothes and grocery bills to find additional savings. Write down every dime you spend to get the best idea of where your money goes.

Preparing Financially for Winter

Severe winter weather can create havoc both personally and financially, so it makes sense to prepare for the season by looking at ways to keep ice, snow and extreme cold at bay and save some money in the process.

Serious Stuff

A fluffy snowstorm may fill children with joy, but severe snow, ice and cold are not laughing matters. They can increase vehicle accidents and cause property damage, hypothermia, heart attacks and carbon monoxide poisoning. They can create power outages that last for weeks.

The following tips and the federal government website www.ready.gov/winter-weather can help you prepare and survive severe winter weather.

Prepare

Ice storms, high winter winds and heavy, wet snow can cut off your power, so it makes sense to consider your options to deal with them. Caulk leaky windows and weather-strip your exterior doors to keep the cold out and heat in. If power outages are common, consider buying a gas generator, but make sure to keep it outside your home to vent.

Make sure your storm drains are clear of debris so water can flow off your roof properly during a warm-up, and clear your walkways to prevent serious slips and falls, as well as potential financial liability. Check that you have the right amount of property and liability insurance, and consider disability income insurance.

Survive

Make sure smoke and carbon monoxide detectors are working, and clear your heating system's outdoor vents to let the poisonous gas escape. If you live in a heavy snow area, keep a roof shovel to prevent collapses. Create an emergency survival kit in case you become stranded in your vehicle.

Four Ways to Curb Holiday Spending

Although the winter holidays are a ways away, now is a great time to prepare financially for them. For many people, this means starting with a plan, creating a budget and sticking to it. Here are a few ways you might accomplish this.

Be Accountable

Set a holiday budget. Create a list of items you intend to buy with expected prices, and match the total cost to your budget. Hold yourself accountable. If it's not on the list, don't buy it. Try this exercise weekly to keep your spending goals front and center.

Be Thrifty

You can find coupons for just about anything online, in print and through apps. Many stores also offer cash and discount rewards, but beware of the many that won't honor multiple promotions. Also, don't buy a sale item if it wasn't on your original list, no matter how low prices go. No discount is more than the 100% you save by not buying an item.

Be Card-Smart

One of the easiest ways to not overspend during the holidays is to leave your credit cards at home. It's hard to exceed your budget when you only have cash. If you do use a card, use those with the best cash-back offers for additional savings, and pay your cards off in full each month.

Be Money-Smart

If the thought is what counts, consider baking cookies and gifting them in a nice tin during the holidays. Have to give multiple gifts at work? Re-gift unused gifts you received in the past (but remember who gave you what the year before).

Holiday Spending Soars

Holiday online spending via the MasterCard payments network from November 1 through December 24, 2018 increased 5.1% to around $850 billion. Online holiday spending comprised 13% of total holiday sales, an increase of 19.1%, according to MasterCard Spending Pulse. Here's how we spent some of those billions online:

Home improvement up

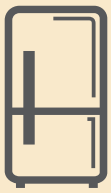
9.0%

Electronics up

8.5%

Apparel up

7.9%



Home furniture/furnishings up

2.3%

Empty Nest Investing

If your kids are grown and have grabbed control of their financial lives, now is a good time to refocus on your financial prospects and strategies for achieving your goals. Pay attention to the areas that can most affect your retirement readiness:

Communications

Reassessing your retirement strategy begins with communication. Talk with a loved one about retirement expectations, from travel and housing to your expected standard of living and retirement dates. It's possible your shared goals have changed over the years.

Estimate how much you'll need, and work with a financial professional to learn how to increase your retirement contributions, reduce debt and create an asset mix that meets your risk tolerance and timeframe. Use the extra money an empty nest may bring to help increase your retirement savings.

Strategy

Increasing qualified retirement contributions should be one of your goals once you get to this point. Start with qualified plans you may already contribute to, such as a 401(k) plan or traditional IRA.

These two vehicles, along with SIMPLE and Simplified Employee Pension (SEP) plans if you own a business, offer tax-deductible contributions, although the traditional IRA has income limits to qualify. You pay ordinary income tax on eventual distributions from these vehicles, but qualified distributions from a Roth 401(k) and Roth IRA are generally tax-free.*

If you have a Health Savings Account, increase your contributions there, too. Healthcare costs are typically a top expense in retirement, which a triple tax-free HSA can help alleviate. An HSA features tax-deductible contributions, tax-deferred potential growth and tax-free qualified withdrawals. Your financial professional can help determine if an HSA is right for you.

Vigilance

Life doesn't always happen according to plan, so it's important to keep an eye out on how changes might affect your goals and retirement. Change means you may need to adjust your contributions, retirement age or retirement expectations over time. One advantage of age? You get to contribute an extra $6,000 to a 401(k) and an extra $1,000 to an IRA beginning at age 50.

As you near retirement, pay close attention to your portfolio mix to ensure it has the combination of safety and growth you'll need. Change will happen, and staying flexible can help you to adapt.

**Withdrawals/distributions from your IRA/401(K) accounts will be included in as part of your taxable income and may be subject to a 10% additional tax penalty if you're under age 59½.*

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