

STONE BARN TIMES

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 **Covenant**
Wealth Strategies, LLC

Important Financial Lessons Your Child/Grandchild Probably Won't Learn In School



1. Debt - Understanding how debt and loans work is vital. Most kids have their dream car or college picked out but have no understanding of how to pay for it. Using real-world examples like your mortgage or car payments can be a good way to explain principal, interest rate, monthly payments and the consequences of missing them, and maturity dates. You can also explain why you chose a certain loan over your other options to help them understand what to look for.

High school is an appropriate time to start talking to your children/grandchildren about student loans including the various borrowing options—such as federal loans and private loans. Additionally, it is a good time to talk about related interest rates, what a loan could pay for and additional options for tuition, such as scholarships and financial aid.

A lot of people fear debt, however not all debt is bad. Teaching your children/grandchildren the difference between good debt and bad debt is key. For example, taking out a student loan to get additional certification that could potentially increase earnings is an example of a good debt. Taking out a car loan for an expensive vehicle is an example of bad debt since the value of the car probably will only depreciate over time. Understanding how each type of loan accrues interest can also help differentiate between good and bad debt and the urgency to pay it off. For example, credit cards accrue more interest than a mortgage, so credit cards should be paid off in full, if possible, while a mortgage can often be stretched over a 30-year period.

The graph below is a comparison in U.S. dollars.

Interest paid on \$10,000 over 10 years



Assumptions: Equal payments made monthly. Average loan rates: student loan 3.73%, car loan 4.07%, 30-year mortgage 5.11%, credit card 16.45%.

2. Credit - It's easy to negatively affect your credit rating and go into debt with credit cards if you don't understand how they work. Start by introducing your children/grandchildren to debit cards and monitor their responsible usage. Teach them the importance of responsible spending, paying back cards on time, how much interest they'd accrue if they miss their payments and the importance of having a good credit rating.



3. Personal Finance - Opening a savings account and learning to save regularly even if it's a small sum of money can encourage the habit of saving. Your children/grandchildren are going to thank you one day for teaching them to save. Knowing how to write a check is also helpful knowledge to have.

4. Investing 101 - Teaching the basics of investing can be very helpful. Understanding that stocks are issued by publicly traded companies and bonds by companies, governments, agencies and municipalities to raise money is a good starting point. Talk with your children/grandchildren about the importance of having a retirement plan, the benefits of starting early and diversifying their investments.

5. Compound Interest - Now let's talk about investing and the potential for accumulating wealth since many college graduates will have the option to open a 401K or contribute to a Roth IRA.

Have you heard of the Rule of 72? The Rule of 72 is a formula that calculates approximately how long it'll take for an investment to double in value based on its assumed rate of return. The Rule of 72 applies compounded interest and can be applied to anything that increases exponentially, such as GDP or inflation.

The benefit of contributing to a Roth IRA is that your money grows tax-free and can be taken out in retirement tax-free. A Roth IRA contribution is made with after-tax dollars.

Another good idea: Have your children/grandchildren speak with your financial advisor, who can help provide guidance on planning for the future.

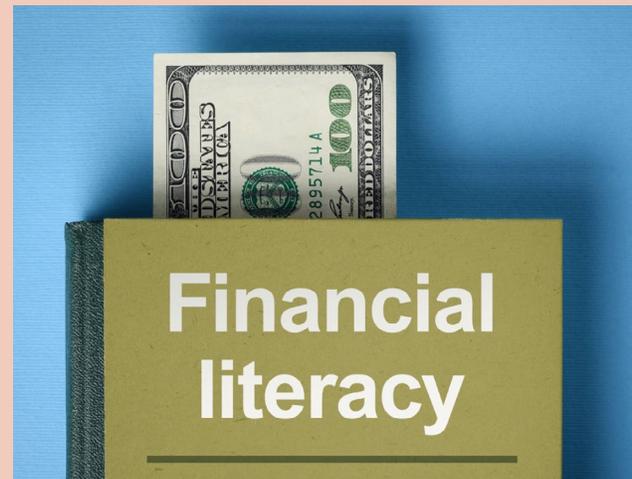
Contact Us

If you have specific questions related to your own investments or financial planning needs, we welcome you to [contact us online](#) or by phone at 302.234.5655 to set-up time to discuss how we can assist you.

Sources:

www.investopedia.com/terms/r/ruleof72.asp | www.jhinvestments.com/viewpoints/college-saving

The rule of 72 is a mathematical concept and does not guarantee investment results nor functions as a predictor of how an investment will perform. It is an approximation of the impact of a targeted rate of return. Investments are subject to fluctuating returns and there is no assurance that any investment will double in value.



People & Places

Welcome to the Team: A.J. Pietruszka

A.J. joined Covenant Wealth Strategies in June of 2022 as a Client Concierge. He is a Liberty University graduate with a degree in Applied Mathematics and Statistics. He also completed coursework for Liberty's Financial Planning curriculum. Prior to joining Covenant, A.J. interned with The Center Consulting Group and was responsible for supporting consultants and servicing clients. A.J. is part of our Covenant Wealth Strategies' Investment Team and is responsible for supporting our operations and advisors with client strategy sessions, financial planning and investments. In his free time, A.J. enjoys soccer, tennis, spending time with his friends, family and attending and volunteering in his church.

Favorite Activity: All sports, especially tennis or soccer

Favorite Food: Blueberries

Fun Fact About Yourself: I can juggle!

Why You Decided to Join Covenant: I decided to join Covenant Wealth Strategies because of the people and the values that set the organization apart from everybody else.



Jazz Night Highlights!

We beat the summer heat by enjoying some cool jazz! Our featured musician, Wayne James provided the live music on piano, vocals and trumpet! A guest appearance was even made by our own, Michelle Fischer on saxophone.

People & Places

Ward, Randy and Peter Attend LPL Financial's Focus Conference



Focus is LPL's premier educational industry event that recently brought together nearly 10,000 advisors and team members to share best practices and valuable insights. The annual event also showcases the latest resources, technology and capabilities. As Board Chair of the LPL/KA Community, Ward also hosted the LPL/KA Community Fellowship Breakfast and led the BRI Panel Discussion during the Focus conference.

Ice Cream Social Highlights!



Our team and friends enjoyed a very nice evening together at our office with Woodside Creamery.



Team Members Recognized

The team at Covenant Wealth Strategies recognized Chris Vincent, Cathy McMullen and Peter Bawuah for their 10+ years of service with Covenant during their recent team staff retreat – a day focused on professional development.

Upcoming Events

Getting, Saving and Losing Money For College

"A Fresh Look at How to Save Both On and For the Costs of College"

9/28 | 6 pm | In-Person | Stone Barn

Join us as we welcome Jonathan Ekeland, Director of Guidance from Wilmington Christian School to learn more about...

- Selecting a college
- Choosing a college major and career
- Saving money by having a plan
- Leveraging future opportunities

Jonathan Ekeland, Wilmington Christian School and Covenant Wealth Strategies are not affiliates and make no representation to each other.

Our team at Covenant Wealth Strategies is excited to partner with and welcome to our office Jonathan Ekeland, Director of Guidance from Wilmington Christian School to engage in an enlightening conversation about strategies for preparing for the costs of college and share information that most households haven't considered.

Jonathan Ekeland has been a Guidance Director for nearly 30 years. He has helped prepare thousands of high school students for college and their careers. Jonathan will be sharing his years of wisdom, along with his pragmatic approach towards helping prepare families save both on and for the costs of college.

If college is in the future plans for your child or grandchild, you won't want to miss this event!

Register by scanning the QR code or calling our office at 302.234.5655 or online at www.covenantwealthstrategies.com/events



Upcoming Events



Wednesday, November 9th

6:00 pm ET

In-Person Event

The Stone Barn

15 Middleton Drive Wilmington, DE 19808



Hartford Funds, AgeLab and Covenant Wealth Strategies are not affiliates and make no representation to each other.

For decades, retirement had a clear definition: It was life after work. Today, however, retirement takes a more ambiguous form. Now, it may mean employment remaining constant, dropping to part-time or even a career change. The future holds an array of options in what to do, where to live and with whom we should spend our time.

Covenant Wealth Strategies is excited to team up again with Hartford Funds and MIT AgeLabs to offer this special in-person event!

Register by scanning the QR code or calling our office at 302.234.5655 or online at www.covenantwealthstrategies.com/events



How A Financial Plan Helps You Endure Market Volatility

A key characteristic of a well-designed financial plan is the consideration of market volatility - and for a good reason. A well-designed financial plan can help you brave the ever-changing ebbs and flows of the market. A financial plan can give you a better idea of how to meet your goals and is dynamic. People often think that their plan has to be fixed in stone and while you don't want to wander too far away from your goals—objectives can change. As your goals evolve, your plan must change too. Life changes can affect your financial goals as much as market changes. You may land a new job, enter a new tax bracket or buy a home. You may decide to file for Social Security at the minimum age or postpone filing until the maximum. There's no way to predict what mix of assets will return 10 percent a year for the next decade. However, you can build a plan that accounts for the different scenarios that life could throw at you.

What Pitfalls Should I Be Aware Of?

Focus on what you want to do with your money—not the trends and noise that could pull you off track. One danger that could potentially derail your plans are emotions. Emotions can distract from goals by driving you to deviate from your plan. Instead of letting market volatility dictate your actions, always look to your plan for guidance. A good plan that's carefully crafted and has flexibility should enable you to make rational decisions and decrease the risk of being blindsided by unexpected factors.



"Most of our clients only get to experience significant life events once, such as retirement. As financial advisors, we go through these events dozens of times as we guide each client. This enables us to have the knowledge, experience and wisdom to best serve our clients," said President and CEO of Covenant Wealth Strategies, G. Ward Keever, IV, CLU, ChFC, RHU, AEP, CFS, AIF, CKA.

Enjoy The Confidence A Financial Plan Brings

It has been said that the two directions of the market are not "up" and "way up". That is to say markets go up and down. Sometimes it is like an escalator on the way up and an elevator on the way down. A financial plan allows you to endure the inevitable challenging times.



"During times of volatility it's important to remember time horizon and to rely upon the planning that we've done together. As part of our planning with clients, we seek to align risk and time horizon for different portions of a client's portfolio," said Randy Eveland, CFP, RICP, CDFA, Wealth Advisor.

Our Covenant Wealth Strategies Investment Team manages the market volatility by paying attention to market signals - including both fundamentals and technicals - in an effort to make wise and appropriate choices in our investment portfolios. We are also executing tax loss harvesting strategies in non-qualified accounts to take advantage of the volatility. We offer a variety of different investment models to our clients. If you have specific questions related to your own investments or financial planning needs, we welcome you to contact us to set-up time to discuss how we can assist you.

Disclosures - This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change. The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation.

Securities and advisory services offered through LPL Financial, a registered investment adviser. Member FINRA/ SIPC.



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