



# FAS

FINANCIAL ACHIEVEMENT SERVICES INC.

# THE NAVIGATOR

NEWS FROM TEAM FAS

April  
2017



## 20 SOMETHING? DON'T HOPE... PLAN.

FINANCIAL GUIDANCE FOR YOUNG PEOPLE IN THE FOUNDATION BUILDING PHASE OF THEIR LIVES



### PRESIDENT'S MESSAGE

MATT ARNOLD, CFP®  
*Owner, President of FAS*

Getting a good start in life and becoming a financially educated, independent adult has never been more challenging than it is today. At FAS, we are often asked to sit down with our clients' children or young new clients to give them pointers and guidance about how to achieve financial success and avoid common pitfalls as they embark on life as an adult.

**This edition of The Navigator features some of our most commonly shared advice for young people — those in the foundation building phase of their financial lives.** We hope you'll share these tips with anyone you feel might benefit.

We continue to experience what appears to be a post-election rally in the US markets. Some analysts view this as premature exuberance, while others ponder if this is the next phase of a historic bull market. Everyone likes to see the market go up, but realistically it is unlikely that any improved economic activities from the Trump administration would materialize until later this year and more fully in 2018. There are factors that support the economy growing outside of the Presidency. January saw non-farm payrolls increasing by 227,000 jobs. We also see that this is the healthiest the manufacturing sector has looked in quite some time. However, uncertainties remain. On one side, the administration has been vocal about reducing corporate tax rates and providing regulatory relief. This could be highly beneficial to the manufacturing sector and may be the catalyst for more investment in this sector. But talk of trade wars is something that could be detrimental to the entire economy. Time will give us those answers.

18-30

30-45



FAS

# GUIDANCE FOR AGES 18-30



MARK WRIGHT, CFP®  
Registered Principal



SCOTT GARRISON, CFP®  
Registered Principal

## SOME FAS FINANCIAL GUIDANCE FOR THOSE JUST STARTING OUT IN LIFE:

- Building Reserves
- Purchasing a Vehicle
- Using Credit Cards
- Renting vs Owning

**BUILDING RESERVES:** One of the very first financial goals a young person should set is to begin building reserves. Reserves, often referred to as an "Emergency Fund," will be your safety net or cushion as you embrace your own financial independence.

A good rule of thumb is to work towards saving 3 months of your total expenses in a readily accessible financial account. Add up your total monthly expenses, including rent, utilities, basic food costs, car payments, school loan payments, credit card bills and any other bills that occur on a monthly basis. Multiply your total number by 3, and the result should be your goal savings number.

While you're beginning your reserve savings plan, identify other financial goals as well, with specific dollar amounts set along with a timeline to reach the goal. For example, you can identify a certain dollar amount for a down payment on a car or a home, anticipated home repairs, or major appliances. We recommend setting up a separate saving account for each of these goals to make measuring your progress easy. Give each account a title for your goal, then watch as your savings grow.

Some young people feel that saving is difficult but in reality, it is very simple if you make just a few very small changes in your monthly budget. Let's take your morning coffee for example. If you take the \$5 you might be spending for a gourmet coffee every day before work and put it into an account with an average 6% rate of return, in 40 years you would accumulate \$216,823. One small act of savings now could pay off in a very large way for your future.

**USING CREDIT CARDS:** Love them or hate them, credit cards are a part of everyone's life today. One of the most important principals about credit card use a young person should remember is to never charge for a purchase that you can't pay completely off when the monthly bill arrives. Credit cards can be used to build your credit score but can just as quickly damage it if one falls behind and carries a monthly balance forward. Spending wisely and paying off your card each month builds strong credit and financial practices.

If you do use a credit card, consider one of many types of "Reward Cards" that are available now. Some com-



8:30AM-11:45AM

## MARK YOUR CALENDARS! DOCUMENT SHRED DAY

Unfortunately, identity theft has become a genuine threat to everyone's financial security today. Protect your sensitive personal information by shredding your paper documents with us free of charge here at the FAS office on Saturday, July 8 from 8:30AM – 11:45AM.

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

panies offer from 1% to 3% cash back rewards on purchases, which is a good choice for putting some money back in your pocket rather than spending it on interest for carried balances.

A tip: In our house, we use one card for our monthly expenditures and pay the bill in full when the bill arrives. In addition we have a separate card with a lower credit limit that we use for online purchases only. This is a smart safety precaution: Should this card number become compromised (and it has) we still have our other card to continue to operate with until replacements cards arrive.

**PURCHASING A VEHICLE:** One of the biggest roadblocks to accumulating wealth we see in our practice today is the need to purchase a shiny new vehicle. The costs of vehicles have far outpaced wages. So what do we recommend, especially for those just starting out? Consider purchasing a pre-owned vehicle and save some money back for your future. Purchasing a vehicle that is two to three years old allows someone else to take the hit of depreciation (a car's value drops the second you drive it off the lot) but still has plenty of life and miles ahead. If you take good care of it, you could get 8 good years of service before the next car is needed.

For example, a 2017 Honda Civic EX Sedan that lists for \$20,565 financed with a 5-year loan at 3.75% would equal a payment of \$375.25. A used 2014 Honda Civic EX Sedan that lists for \$14,500 financed with a 5-year loan at 3.75% would equal a payment of \$264.58. By purchasing a three-year-old vehicle, the savings are \$110.67 per month, or \$6,640.20 over the five-years that you could save.

**RENTING VERSUS OWNING:** It is a new world today as it relates to real estate. Although rental rates continue to increase across the country, renting might actually be a better choice if you are not planning to stay in your home for at least 5 years. When making the decision to rent vs buy, the home price, your tax rate, current mortgage rates and how long you'll stay in the home are all factors to consider.

We are seeing many young clients forego home ownership until well into their 30's. This allows them to focus on building their career and deciding where they'd like to settle down without worrying about being upside down on a mortgage if they should decide to move before reaching their break-even point. In today's world, renting is not a bad option, particularly if you think you might be relocating within 5 years.

## WHAT'S HAPPENING AT FAS? NICK BURNS RIDES FOR CHARITY

Our very own Nick Burns has participated in the **Young's Ice Cream Charity Bike Tour** for several years now. It has become a family affair with his father and brother joining in on the action. This year's ride will take place July 15-16, and the Burns family is getting ready to ride once again.

Organized by a group of local volunteers, the ride starts and ends at Young's, with 28 mile, 56 mile, 83 mile, and 100 mile options. Riders of all ages and abilities raise money for various charities and have a good time riding the well-marked routes.

FAS supports Nick and his family's ride and wish them much success in raising funds for their charities. For additional information about the **Young's Ice Cream Charity Bike Tour**, or to register for the event yourself, visit the event website at: [www.youngsbiketour.com](http://www.youngsbiketour.com).

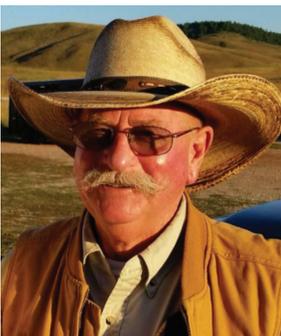


PRSRRT STD  
U.S. POSTAGE  
PAID  
CELINA, OH  
PERMIT NO. 47

FINANCIAL ACHIEVEMENT SERVICES INC.  
5116 Children's Home Bradford Road  
Greenville, OH 45331



## FAS CLIENTS: WHAT'S ON YOUR BUCKET LIST?



**WHAT'S ON YOUR BUCKET LIST?**  
It's one of our favorite questions to ask our clients.

This month we are featuring **Mick Maher's** answer. Mick retired in 2000. Not one to sit still and who loves the west, it wasn't long until he figured out his calling.

August of 2001 found Mick pulling into Custer State Park, Custer SD, with his pick up truck and camper in tow. Mick travels west each fall for 6 weeks to volunteer helping the park get ready for their world famous buffalo roundup.

Custer State Park is a 71,000 acre park well know for their herd of free roaming American bison. The herd is rounded

up from all areas of the park and examined, inoculated, sorted for auction or moved to their wintering grounds. As a volunteer for the park, one is required to work 24 hours a week and in return is provided a place to park your camper with full utility hookup.

Mick also volunteered as a guide taking visitors on horse-back trail rides, all day or overnight to the interior of the Badlands National Park located near Custer.

Mick's wife, Nancy, daughter Lisa Maher-Strawser, son Dr. M. Robert Maher and almost a dozen friends have traveled to spend time with him while volunteering at Custer.

Mick is extending his stay this year to 3 months, but does fly home during the summer for one week. He can't miss the Great Darke County Fair where he volunteers each year to drive one of the Fair shuttles.