The SWA Team
Strategic Wealth Advisors
9375 E Shea Blvd, Ste 100
Scottsdale, AZ 85260
480-998-1798
fax: 480.522.1798
info@xpertadvice.com
www.Xpertadvice.com

It is commonplace to transact business, pay bills, maintain memberships and subscribe to various services online. If your spouse or significant other suddenly became incapacitated or passed away, would you have access to their computer and online accounts? Without knowing their User IDs and passwords, managing the family's finances can add a tremendous amount of strain to an already difficult situation.

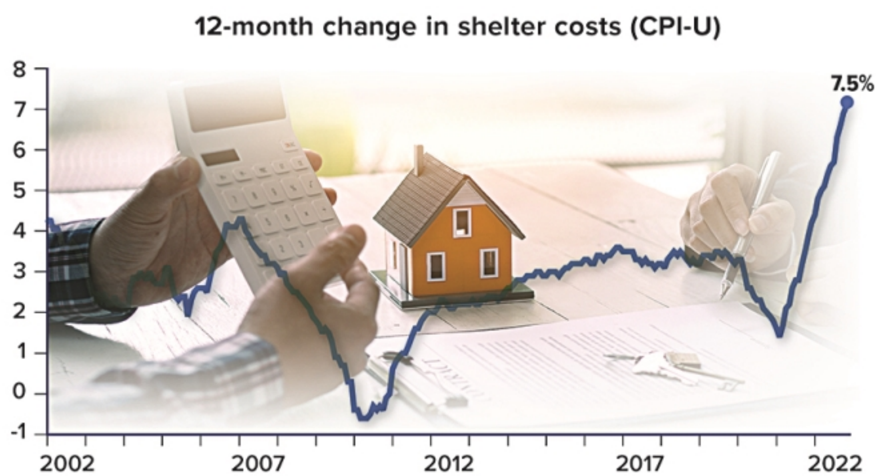
We suggest creating a list (a spreadsheet is useful) containing every website, user ID and password for each family member. Document the security questions that periodically pop up, PINs and Multi-Factor Authentication steps. Maintain the list in a location known by at least 1-2 family members. If possible, use a password to access the list (and give it to someone). Keep the list current and don't wait until something happens to figure things out…plan ahead!

Until Next Time…

The SWA Team

How Changing Shelter Costs Influence Inflation

Fast-rising U.S. shelter costs — consisting of tenants' rent and owners' equivalent rent — were the top driver of inflation in 2022, but this may be a trend that has already shifted. Shelter costs account for nearly one-third of the value of the consumer price index (CPI), making them the largest component by far. New rents and home prices both softened in the second half of 2022, but because of the way shelter costs are measured, it could take nearly a year for those changes to be reflected in the CPI.



Source: Bureau of Labor Statistics, 2023 (data through Dec. 2022); *The Wall Street Journal,* December 6, 2022

Time for a Spring Cleanup: Organizing Your Financial Records

The arrival of spring is always a good time to dust off the cobwebs that have built up in your home during the winter. It's also a good time to clean out and organize your financial records so you can quickly locate something if you need it.

Keep Only What You Need

If you keep paperwork because you "might need it someday," your home office and file cabinets are likely overflowing and cluttered with nonessential documents. One key to organizing your financial records is to keep only what you absolutely need for as long as you need it.

Tax records. Keep all personal tax records for three years after filing your return or two years after the taxes were paid, whichever is later. (Different rules apply to business taxes.) If you underreported gross income by more than 25% (not a wise decision), keep the records for six years, and for seven years if you claimed a deduction for worthless securities or bad debt. It might be helpful to keep your actual tax returns, W-2 forms, and other income statements until you begin receiving Social Security benefits.

Financial statements. You generally have 60 days to dispute charges with banks and credit cards, so you could discard statements after two months. If you receive an annual statement, throw out monthly statements once you receive the annual statement. If your statements include tax information (e.g., you use credit-card statements to track deductions), follow the guidelines for tax records.

Retirement account statements. Keep quarterly statements until you receive your annual statement; keep annual statements until you close the account. Keep records of nondeductible IRA contributions indefinitely to prove you paid taxes on the funds.

Real estate and investment records. Keep at least until you sell the asset. If the sale is reported on your tax return, follow the rules for tax records. Utility bills can be discarded once the next bill is received showing the previous paid bill, unless you deduct utilities, such as for a home office.

Loan documents. Keep documents and proof of payment until the loan is paid off. After that, keep proof of final payment.

Insurance policies. Keep policy and payment documents as long as the policy is in force.

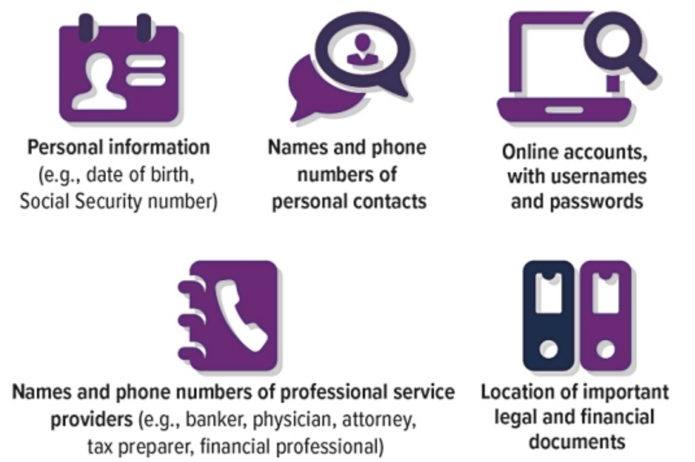
Auto records. Keep registration and title information until the car is sold. If you deduct auto expenses, keep mileage logs and receipts with your tax records. You might keep maintenance records for reference and to document services to a new buyer.

Medical records. Keep records indefinitely for surgeries, major illnesses, lab tests, and vaccinations. Keep payment records until you have proof of a zero balance. If you deduct medical expenses, keep receipts with your tax records.

These are general guidelines, and your personal circumstances may warrant keeping these documents for shorter or longer periods of time.

Personal Document Locator

A personal document locator is a detailed list of your personal and financial information that can assist others in the event of your death or disability. Typically, a personal document locator will include the following:



Securely Store Your Records

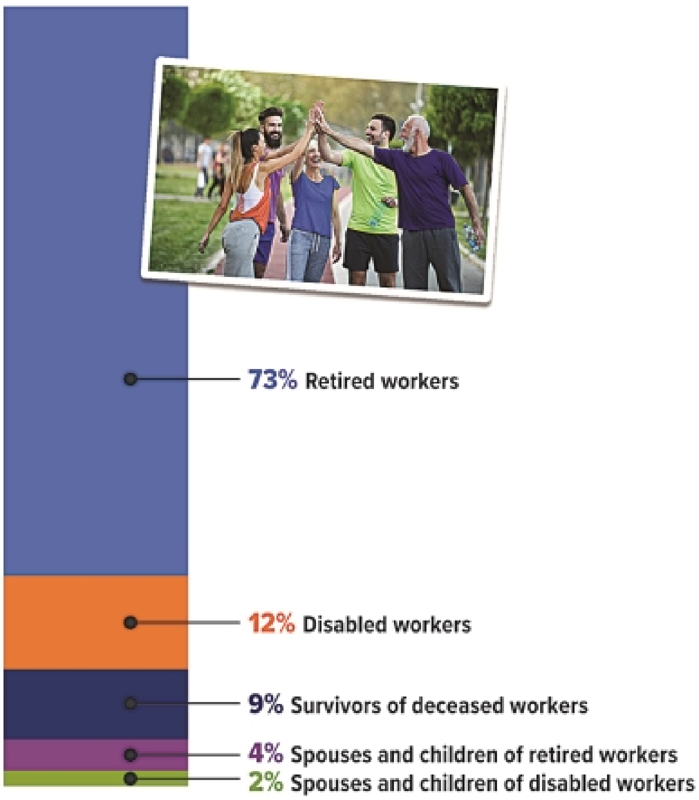
You can choose to keep hard copies of your financial records or store them digitally. You usually do not need to keep hard copies of documents and records that can be found online or duplicated elsewhere. Important documents such as birth certificates and other proof of identity should be stored in a safe place, such as a fire-resistant file cabinet or safe-deposit box. You can save or scan other documents on your computer, or store them on a portable drive, or use a cloud storage service that encrypts your uploaded information and stores it remotely.

An easy way to prevent documents from piling up is to remember the phrase "out with the old, in with the new." For example, if you still receive paper copies of financial records, discard your old records as soon as you receive the new ones (using the aforementioned guidelines). Make sure to dispose of them properly by shredding documents that contain sensitive personal information, Social Security numbers, or financial account numbers. Finally, review your records regularly to make sure that your filing system remains organized.

Social Security Offers Benefits from Birth Through Old Age

The bulk of Social Security benefits go to retirees, but Social Security is much more than a retirement program. Most Americans are protected by the Old-Age, Survivors, and Disability Insurance (OASDI) program — the official name of Social Security — throughout their lives.

Current Social Security Beneficiaries



Source: Social Security Administration, 2023

At the Beginning of Your Career

Your first experience with Social Security might be noticing that Federal Insurance Contributions Act (FICA) taxes have been taken out of your paycheck. Most jobs are covered by Social Security, and your employer is required to withhold payroll taxes to help fund Social Security and Medicare.

Although most people don't like to pay taxes, when you work and pay FICA taxes, you earn Social Security credits. These enable you (and your eligible family members) to qualify for Social Security retirement, disability, and survivor benefits. Most people need 40 credits (equivalent to 10 years of work) to be eligible for Social Security retirement benefits, but fewer credits may be needed for disability or survivor benefits.

If You Become Disabled

Disability can strike anyone at any time. Research shows that one in four of today's 20-year-olds will become disabled before reaching full retirement age.[1]

Social Security disability benefits can replace part of your income if you have a severe physical or mental impairment that prevents you from working. Your disability generally must be expected to last at least a year or result in death.

When You Marry…or Divorce

Married couples may be eligible for Social Security benefits based on their own earnings or on their spouse's.

When you receive or are eligible for retirement or disability benefits, your spouse who is age 62 or older may also be able to receive benefits based on your earnings if you've been married at least a year. A younger spouse may be able to receive benefits if he or she is caring for a child under age 16 or disabled before age 22 who is receiving benefits based on your earnings.

If you were to die, your spouse may be eligible for survivor benefits based on your earnings. Regardless of age, your spouse who has not remarried may receive benefits if caring for your child who is under age 16 or disabled before age 22 and entitled to receive benefits based on your earnings. At age 60 or older (50 or older if disabled), your spouse may be able to receive a survivor benefit even if not caring for a child.

If you divorce and your marriage lasted at least 10 years, your former unmarried spouse may be entitled to retirement, disability, or survivor benefits based on your earnings.

When You Welcome a Child

Your child may be eligible for Social Security if you are receiving retirement or disability benefits, and may receive survivor benefits in the event of your death. In fact, according to the Social Security Administration, 98% of children could get benefits if a working parent dies.[2] Your child must be unmarried and under age 18 (19 if a full-time elementary or secondary school student) or age 18 or older with a disability that began before age 22.

At the End of Your Career

Social Security is a vital source of retirement income. The benefit you receive will be based on your lifetime earnings and the age at which you begin receiving benefits. You can get an estimate of your future Social Security benefits by signing up for a *my* Social Security account at socialsecurity.gov to view your personal Social Security statement. Visit this website, too, to get more information about specific benefit eligibility requirements, only some of which are covered here.

1-2) Social Security Administration, 2022

How Much Should a Family Borrow for College?

There is no magic formula to determine how much you or your child should borrow for college. But how much is too much?

Starting Salary Guideline

One guideline is for students to borrow no more than their expected first-year starting salary after college, which, in turn, depends on their specific major and/or job prospects. But this is not a hard-and-fast rule.

Student loans will generally need to be paid back over a term of 10 years or longer, and a lot can happen during that time. For example, a student's assumptions about future earnings might not pan out; other costs for rent, utilities, and transportation might consume a larger share of the budget than expected; or a borrower might leave the workforce for an extended period to care for children and will not earn an income during that time. There are many variables, and every student's situation is different.

Federal Student Loan Limit Guideline

To build in room for the unexpected, a more conservative strategy could be for undergraduate students to borrow no more than the federal student loan limit, which is currently $27,000 for four years of college. Over a 10-year term with a 4.99% interest rate (the 2022-23 rate on federal Direct Loans), this equals a monthly payment of $286. If a student borrows more by adding in private loans, the monthly payment will jump, for example to $477 for $45,000 in total loans (at the same interest rate) and to $636 for $60,000 in loans. Before borrowing any amount, students should know *exactly* what their monthly payment will be after graduation. Keep in mind that only federal student loans are eligible for income-based repayment options, as well as temporary loan deferments.

Note: These hypothetical examples of mathematical principles are used for illustrative purposes only and do not represent the performance of any specific investment.

As for parents, there is no one-size-fits-all rule on how much to borrow. Many factors come into play, including the number of children in the family, total household income and assets, and current and projected retirement savings. The goal, though, is for parents to borrow as little as possible, either in their own names or by co-signing loans.

Ideas to Trim Costs

To help avoid excessive borrowing, here are some ways students might try to reduce college costs: pick a school with a lower net price (a net price calculator on a college's website will show the net price); consider in-state colleges; aggressively seek out need-based and merit aid; graduate early; attend community college for a year or two and then transfer to a four-year college; live at home or become a resident assistant to get free housing; and work part time throughout college and budget wisely.