Financial Strategies
For Your Future

May Newsletter

Hello Eric,

As the battle against the COVID-19 pandemic continues, how we respond to it will determine how we beat it. Continued sacrifices range from everyone in the medical community working on the front lines to the thousands of truck drivers across our country keeping goods flowing, parents who have become homeschoolers, and folks missing their family events to help stop the spread of this terrible outbreak. As Lou Holtz said, "We can’t control what happens, but how we respond to it is what matters. Our response to this crisis has shown the resolve and strength of the human spirit, which is why we will overcome."

Know that I am still here for you. If you would prefer not to come in the office for a review I am happy to speak with you over the phone, or through a Zoom meeting.

Please give me and my team a call anytime, (603) 343-4515, to set up an appointment.

Did you know...**94% of bills are contaminated with bacteria.**

Approximately **94% of paper money** that moves from hand to hand is riddled with bacteria. **One NYU study** found 3,000 types of organisms on just 80 $1 bills — including bacteria linked to pneumonia, food poisoning and staph infections.

https://www.supermoney.com/20-absurd-facts-about-money/

Events & Resources

Becoming a NASA Engineer

Thu, May 7, at 10 PM

More Information

Trivia Night

Thu, May 7,
8 – 10 PM (Ongoing)
Online

More Information

Virtual Zumba with David Quarles

This FREE class, sponsored by MMDC, will be livestreamed via Zoom.

Class Schedule:
Fridays, 5:30-6:30pm
May 1, 15, & 29th

More Information

But First...Gratitude!

Join me as we collectively create a safe space to concentrate on the things we are doing well and looking for what we are grateful for each Monday.

More Information

Mortgages in Retirement

Anyone who has gone through the process of mapping out their retirement knows there can be a lot to keep in mind. Saving, investing, anticipating medical costs, and making sure you have enough tucked away for years to come is just the start. One question many people overlook is: "Should I pay off my mortgage before I retire?" The answer is more complicated than you may think.

Maintaining a Mortgage in Retirement Opportunity Cost

Imagine you have $300,000 set aside to pay off your mortgage. But rather than using those funds to pay off your mortgage, you instead invest that money. Sure it's tempting to stop making a monthly payment, but what if that $300,000 earned a hypothetical 6% for the next five years. You would have a little more than $400,000. Yes, your house may appreciate in value over the same period of time, but you should consider all your choices for that lump-sum of money.[1]

Eradicate (Other) Debt

Before you pay down your mortgage, any extra cash might be better suited to paying off other kinds of debt that carry higher interest rates, especially non-deductible debt, such as credit card balances.[2]

Make Your Mortgage Work

Some homeowners benefit from a mortgage interest deduction on their taxes.[3] Here's how it works: the amount you pay in mortgage interest is deducted from your gross income, which reduces your federal income tax burden.[4] But remember, the further along you are toward paying off your mortgage, the less interest you're paying. If you're unsure if you'll be able to take advantage of this mortgage benefit, it's best to consult your financial professional.

Retire Your Mortgage
Don't Throw Your Money Away

Your monthly mortgage payment may be a large part of your available capital, especially in retirement. Eliminating unnecessary subsidies can significantly reduce the amount of cash you need to meet monthly expenses.

Uninteresting Interest

Depending on the length of your mortgage term and the size of your debt, you may be paying a substantial amount in interest. Paying off your mortgage early can free up money for other uses. True, you may lose the mortgage interest tax deduction, but remember as you get closer to paying off your loan: more of each monthly payment goes to principal and less to interest.[5,6] In other words, the amount you can deduct from taxes decreases.

Home Is Where the Heart Is

There's a value to your home beyond money. It's where you raised your children, made fond memories, and you may want it to remain in the family. Paying off the mortgage may help make your home part of your legacy. Afterall, some things you just can't put a price on.

1. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments. Investments seeking to achieve a higher rate of return also involve higher risks. You should consider your risk tolerance before committing to any investment strategy.

2. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

3. Under the 2017 Tax Cuts and Jobs Act, mortgage interest deductibility is limited to mortgages up to $750,000 ($375,000 if married filing separately) in principal value. This article is more informational purposes only, and is not a replacement for real-life advice. Please consult a tax, legal and accounting professional before modifying your tax strategy.

4. IRS.gov, 2018

5. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

6. AARP, 2018

Pullbacks, Corrections, and Bear Markets

The COVID-19 outbreak has put tremendous pressure on stock prices, prompting some investors to blindly and indiscriminately sell positions at a time when the entire market is trending lower. Worried investors believe "this time it's different." When the market drops, some investors lose perspective that downtrends, and uptrends, are part of the investing cycle. When stock prices break lower, it's a good time to review common terms that are used to describe the market's downward momentum.[1,2]

Pullbacks.

A pullback represents the mildest form of a selloff in the markets. You might hear an investor or trader refer to a dip of 5-10% after a peak as a “pullback.”[1]

Corrections.

The next degree in severity is a “correction.” If a market or markets retreats 10% to 20% after a peak, you’re in correction territory. At this point, you’re likely on guard for the next tier.[1]

Bear Market.

In a bear market, the decline is 20% or more since the last peak.1
All of this is normal.

Pullbacks, corrections, and bear markets are a part of the investing cycle. When stock prices are trending lower, some investors can second-guess their risk tolerance. But periods of market volatility can be the worst times to consider portfolio decisions.

Pullbacks and corrections are relatively common and represent something that any investor may see from time to time in their financial life, often several times over the course of a decade. Bear markets are much rarer. What we are experiencing now represents the start of the ninth bear market since 1926. This bear market follows the longest bull market on record.[1]

How is this bear market going to affect me?

That's a good question, but it's something that you won't fully understand in the here and now. The average bear market lasts 146 days for the Standard & Poor's 500.[2]

A retirement strategy formed with a financial professional has market volatility factored in. As you continue your relationship with that professional, they will also be at your side to make any adjustments and help you make any necessary decisions along the way. Their goal is to help you pursue your goals.

1. Kiplinger.com, March 10, 2020.

2. MarketWatch.com, March 14, 2020. The Standard & Poor's 500 is an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.

Asset Allocation

If you live in or have visited a big city, you've probably run into street vendors – people who sell everything from hot dogs to umbrellas – on the streets and sidewalks. Many of these entrepreneurs sell completely unrelated products, such as coffee and ice cream.

At first glance, this approach seems a bit odd, but it turns out to be quite clever. When the weather is cold, it's easier to sell hot cups of coffee. When the weather is hot, it's easier to sell ice cream. By selling both, vendors reduce the risk of losing money on any given day.

Asset Allocation

Asset allocation applies this same concept to managing investment risk. Under this approach, investors divide their money among different asset classes, such as stocks, bonds, and cash alternatives, like money market accounts. These asset classes have different risk profiles and potential returns.[1]
The idea behind asset allocation is to offset any losses from one class with gains in another, and thus, reduce the overall risk of the portfolio. It's important to remember that asset allocation is an approach to help manage investment risk. It does not guarantee against investment loss.[2]

Determining the Most Appropriate Mix

The most appropriate asset allocation will depend on an individual's situation. Among other considerations, it may be determined by two broad factors.

1. Time. Investors with longer timeframes may be comfortable with investments that offer higher potential returns, but also carry a higher risk. A longer timeframe may allow individuals to ride out the market's ups and downs. An investor with a shorter timeframe may need to consider market volatility when evaluating various investment choices.
2. Risk tolerance. An investor with higher risk tolerance may be more willing to accept greater market volatility in the pursuit of potential returns. An investor with a lower risk tolerance may be willing to forgo some potential return in favor of investments that attempt to limit price swings.

Asset allocation is a critical building block of investment portfolio creation. Having a strong knowledge of the concept may help you when considering which investments may be appropriate for your long-term strategy.

1. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost. The market value of a bond will fluctuate with changes in interest rates. As rates rise, the value of existing bonds typically falls. If an investor sells a bond before maturity, it may be worth more or less that the initial purchase price. By holding a bond to maturity investors will receive the interest payments due plus their original principal, barring default by the issuer. Money market funds seek to preserve the value of your investment at $1.00 a share. Money held in money market funds is not insured or guaranteed by the FDIC or any other government agency. It's possible to lose money by investing in a money market fund. Mutual funds are sold by prospectus. Please

consider the charges, risks, expenses, and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.

2. Investments seeking to achieve higher potential returns also involve a higher degree of risk. Past performance does not guarantee future results. Actual results will vary.

At AZTEC Financial Group, we help individual, families, business owners and employees manage their financial goals through a comprehensive wealth management process.

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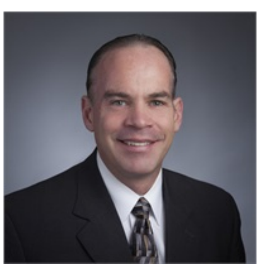

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