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Why Not Do It Now? New Research on Procrastination

Should You Invest Internationally?

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What are the warning signs of financial scams targeting older individuals?



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Quarterly Economic Update

Guiding Clients Financially

Ten Money-Saving Travel Tips



Exploring the world sounds fun and exciting, but it can be expensive to travel. However, there are ways to experience the trip of your dreams on a budget. Follow these money-saving tips when planning your

next vacation to help make it more affordable.

1. Join a frequent flyer program. It will probably take time to accumulate frequent flyer points, but the perks can be worth it. Depending on the program, rewards can include cheaper fares, upgrades, free companion tickets, and more.

2. Be flexible with scheduling. Timing your ticket purchases wisely can help you save big. Aim to travel during days of the week when airfare tends to be cheaper. Similarly, try to fly at unpopular hours (e.g., early morning or red-eye flights) for more affordable pricing. Avoid traveling during peak holiday seasons and school breaks, and be aware of big events such as conferences or trade shows that tend to make hotel prices soar.

3. Comparison shop. Research online to find the cheapest flights to your desired destination. Mix and match your airlines and airports for the best rates — you might discover that two one-way tickets are cheaper, overall, than purchasing one round-trip ticket. Consider all-inclusive options, since the up-front price you pay is usually the total cost of your trip.

4. Pack smart. Checked baggage fees can rack up quickly, especially if you exceed an airline's weight limit. Try to stick with carry-on luggage or just remember to pack lightly to avoid paying extra for overweight bags.

5. Consider alternatives to hotels. Lower-cost lodging options can include hostels, home-exchange programs, B&Bs, and vacation rentals. But they do require careful research. Find a match that best suits your needs by narrowing down potential options according to

your budget, number of guests, length of stay, and space requirements. Look at ratings and reviews to determine whether a particular location and property will work for you.

6. Download apps to your smartphone. Take advantage of free travel apps that can help you save money on things like gas, car rental, airfare, hotels/accommodations, and more. Find and download messaging apps that your family and friends also have so you don't have to pay for text messages you send/receive while traveling.

7. Reduce mobile roaming charges. After a relaxing vacation, you probably won't want to come home to an expensive phone bill due to data roaming charges. Fortunately, many mobile networks offer data roaming deals, so check with your phone's carrier to learn about packages and discounts that may be available to you. And before you embark on your travels, adjust settings on your phone to disable data roaming as well as software downloads. App and phone updates are important, but most can wait until you are connected to Wi-Fi, which is available for free at many places.

8. Find free activities. Regardless of where you're traveling, it's likely that there are plenty of fun and free or low-cost activities. Sightseeing, walking, browsing stores, and attending local concerts/fairs/cultural events are great ways to explore a new place without spending too much (or any) money.

9. Act like a local. Blend in with the locals by dining out and shopping at stores located away from popular tourist streets. Prepare your own food when it's practical, and don't shy away from street food — it's less expensive than a sit-down restaurant.

10. Save on car rental. If possible, stick with public transportation on your trip. But if you must rent a car, book the cheapest option you can find online. You can save even more money by choosing to forego car rental insurance, but you'll want to review your existing auto insurance policy first to see if it comes with some form of coverage for rentals.

Why Not Do It Now? New Research on Procrastination



Advantage of an Early Start

Saving for retirement may be a low priority when you're young, especially if you're earning a low salary. But starting early can make a big difference, as you can see in the accompanying chart.

This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investment. It assumes a monthly deferral of salary and monthly compounding of earnings. Fees, expenses, and taxes were not considered and would reduce the performance shown if they were included. Actual results will vary.

Do you have a tendency to push off important tasks? Do you do things at the last minute, or maybe not do them at all? If so, you're not alone. About one in five adults is a chronic procrastinator.¹

Procrastination can be frustrating in the short term for even the simplest tasks. But it can have far-reaching effects on important activities and decisions such as completing work projects, obtaining medical treatment, and saving for retirement. Recent research offers insights that may be helpful if you or someone you know has a tendency to procrastinate.

Blame the brain

A study using brain scans found that the amygdala, the almond-shaped structure in the temporal lobe of the brain that processes emotions (including fear), was larger in chronic procrastinators, and there were weaker connections between the amygdala and a part of the brain called the dorsal anterior cingulate cortex (DACC). The amygdala warns of potential dangers, and the DACC processes information from the amygdala and decides what action a body will take.²

According to the researchers, procrastinators may feel more anxiety about the potential negative effects of an action and be less able to filter out interfering emotions and distractions. The good news is that it is possible to shrink the amygdala and improve brain connectivity through mindfulness meditation exercises.³

What's important to you?

Another recent study found that people were less likely to procrastinate about tasks that they personally considered important and were within their own control, as opposed to tasks that were assigned to them and/or controlled by others. This is probably not surprising, but it suggests that procrastination may not be a "weakness" but rather a result of personal values and choices.⁴

Tips for procrastinators

Here are a few suggestions that may help overcome a tendency to procrastinate.

Consider the triggers. One researcher found that people are more likely to procrastinate if a task is characterized by one or more of these seven triggers: boring, frustrating, difficult, ambiguous, unstructured, not intrinsically rewarding, or lacking in personal meaning.⁵ You might try to identify the triggers that are holding you back and take steps to address those specific problems. For example, if a task seems too difficult, ambiguous, or unstructured, you could break it down into smaller, more definite, and manageable tasks.

Meet your resistance. If you don't want to work on a task for an hour, determine how long you are willing to work on it. Can you work on it for 30 minutes? What about 15? If you don't want to do it today, what day would be better?

List the costs and benefits. For big projects, such as saving for retirement, make a list of all the negative ways not making progress could affect your life and all the positive outcomes if you were to achieve your objectives. Imagine yourself succeeding.

Take the plunge. Although a big project may seem daunting, getting a start — any start — could reduce the anxiety. This might be just a small first step: a list, a phone call, an email, or some Internet research. For a written project, you might start with a rough draft, knowing you can polish and improve it later.

Forgive yourself. If you've postponed a task, don't waste time feeling guilty. In most cases, "better late than never" really does apply!

¹ *Frontiers in Psychology*, July 5, 2018

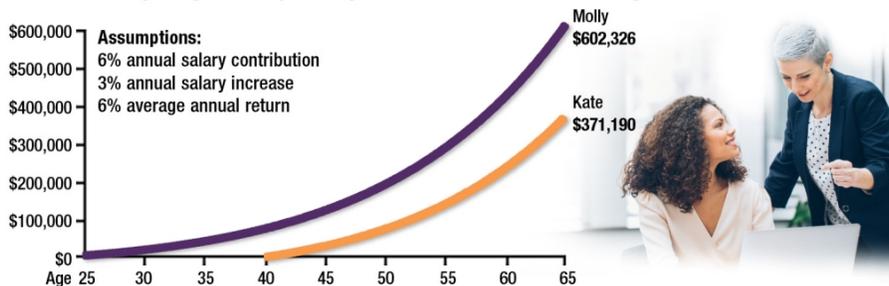
²⁻³ BBC News, August 26, 2018

⁴ *Psychology Today*, January 9, 2018

⁵ *Harvard Business Review*, October 4, 2017

Advantage of an Early Start

Molly begins saving at age 25 when she earns a \$40,000 salary, and Kate begins at age 40 when she earns an \$80,000 salary. At age 65, Molly's savings total would be more than 60% higher than Kate's total.



Should You Invest Internationally?



In April 2019, despite some positive economic developments, the International Monetary Fund cut its outlook for global growth in 2019 to 3.3%, the lowest level since 2009. At the time of that report, IMF Managing Director Christine Lagarde said a recession was not expected in the near term.

Source: Bloomberg, April 9, 2019

The risks associated with investing on a worldwide basis include differences in financial reporting, currency exchange risk, and economic and political risk unique to the specific country. These risks may result in greater share price volatility and should be carefully managed in light of your goals and risk tolerance.

Investing in foreign stocks provides access to a world of opportunities outside the United States, which may help boost returns and manage risk in your portfolio. However, it's important to understand the unique risk/return characteristics of foreign investments before sending a portion of your money overseas.

Reasons to go abroad

Here are some of the potential benefits of international investing.

Additional diversification. Other countries may be at a different stage in the business cycle than the U.S. economy. They could recover more quickly (or more slowly) from a recession.

Long-term growth potential. Some of the world's most rapidly growing economies are located in emerging markets that may be reaping the benefits of new technologies, a growing consumer base, or natural resources that are in high demand.

Possible hedge against a weaker dollar. The U.S. dollar has been strong in recent years, but having some investments denominated in foreign currencies may help offset (or even take advantage of) any future dips in its value.

Reasons to proceed with caution

Here are just some of the potential risks.

Politics and economic policies. A nation's political structure, leadership, and regulations may affect the government's influence on the economy and the financial markets.

Currency exchange. Just as a weak U.S. dollar could work for you, additional strengthening in the dollar could work against you. That's because any investment gains and principal denominated in a foreign currency may lose value when exchanged back.

Financial reporting. Many developing countries do not follow rigorous U.S. accounting standards, which often makes it more difficult to have a true picture of company and industry performance.

Risk/return potential

Some international investments may offer the chance for greater returns, but as with other investments, stronger potential comes with a greater level of risk. For example, over the past 30 years, foreign stocks have outperformed U.S. stocks, bonds, and cash alternatives 11 times. However, they have also underperformed 11 times, tying cash for the highest number of lowest-performing years during the same time period.

	Number of highest-performing years, 1989-2018
Cash	4
Bonds	5
U.S. Stocks	10
Foreign stocks	11

	Number of lowest-performing years, 1989-2018
Cash	11
Bonds	6
U.S. Stocks	2
Foreign stocks	11

If you decide to spread some of your investment dollars around the world, be prepared to hold tight during bouts of market volatility. And remember to rebalance your portfolio periodically to help align your asset allocation with your long-term investment strategy.

Performance is from January 1, 1989, to December 31, 2018. Cash is represented by the Citigroup 3-month Treasury Bill Index. Bonds are represented by the Citigroup Corporate Bond Composite Index. U.S. stocks are represented by the S&P 500 Composite Price Index. Foreign stocks are represented by the MSCI EAFE Price Index. All indexes are unmanaged, accurate reflections of the performance of the asset classes shown. Returns reflect past performance, which does not indicate future results. Taxes, fees, brokerage commissions, and other expenses are not reflected. Investors cannot invest directly in any index.

The principal value of cash alternatives may fluctuate with market conditions. Cash alternatives are subject to liquidity and credit risks. It is possible to lose money with this type of investment. The return and principal value of stocks may fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest, whereas corporate bonds are not. The principal value of bonds may fluctuate with market conditions. Bonds are subject to inflation, interest rate, and credit risks. Bonds redeemed prior to maturity may be worth more or less than their original cost. Diversification is a strategy used to help manage investment risk; it does not guarantee a profit or protect against investment loss.



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What's the real return on your investments?

As an investor, you probably pay attention to *nominal return*, which is the percentage increase or decrease in the value of an investment over a given period of time, usually expressed as an annual return. However, to estimate actual income or growth potential in order to target financial goals — for example, a certain level of retirement income — it's important to consider the effects of taxes and inflation. The remaining increase or decrease is your *real return*.

Let's say you want to purchase a bank-issued certificate of deposit (CD) because you like the lower risk and fixed interest rate that a CD can offer. Rates on CDs have risen, and you might find a two- or three-year CD that offers as much as 3% interest. That could be appealing, but if you're taxed at the 22% federal income tax rate, roughly 0.66% will be gobbled up by federal income tax on the interest.

That still leaves an interest rate of 2.34%, but you should consider the purchasing power of the interest. Annual inflation was about 2% from 2016 to 2018, and the 30-year average was 2.5%.¹ After factoring in the effect of inflation, the real return on your CD investment could

approach zero and may turn negative if inflation rises. If so, you might lose purchasing power not only on the interest but also on the principal.

This hypothetical example doesn't represent the performance of any specific investment, but it illustrates the importance of understanding what you're actually earning after taxes and inflation. In some cases, the lower risk offered by an investment may be appealing enough that you're willing to accept a low real return. However, pursuing long-term goals such as retirement generally requires having some investments with the potential for higher returns, even if they carry a higher degree of risk.

The FDIC insures CDs and bank savings accounts, which generally provide a fixed rate of return, up to \$250,000 per depositor, per insured institution. All investments are subject to risk, including the possible loss of principal. When sold, investments may be worth more or less than their original cost.

¹ U.S. Bureau of Labor Statistics, 2019 (December year-over-year change in CPI-U)



What are the warning signs of financial scams targeting older individuals?

If you or someone you know has been targeted by a scam artist who is trying to steal money or personal

information, you're not alone. According to the Senate Special Committee on Aging, older Americans lose an estimated \$2.9 billion annually to fraud and exploitation, a number that is probably substantially underreported.¹

Most scams start with a call, an email, a text, or an official-looking letter that appears to be from a government agency or a legitimate company. Sometimes the scam artist will go door-to-door soliciting business or donations to charity.

Scam artists are very good at gaining the trust of well-meaning people by convincingly impersonating someone authoritative, knowledgeable, or trustworthy — such as an IRS agent, a tech repair person, or even a relative. They play on your sympathy or make convincing threats to pressure you to go along with a scam. "Send money or provide personal information right now," they say, "if you want to help someone or prevent something bad from happening." Here are some typical scenarios.

- **IRS scam:** "You owe back taxes and penalties. Send payment immediately via a wire transfer, or you will be arrested."
- **Sweepstakes scam:** "Congratulations, you've won a prize! To collect it, provide us with your bank account number so we can deposit a check."
- **Grandparent scam:** "Hi Grandma, it's me. Don't you recognize my voice? I've been in an accident and need money for car repairs. Send gift cards, and don't tell anyone because I'm embarrassed."
- **Home repair scam:** "I was just doing some work down the street for your neighbor, Bob, and I saw that you need some shingles replaced. I can do that for half the price I usually charge if you pay me in cash today."

If you are targeted, never give out personal information or send money. You don't need to make a quick decision. Call a friend, a relative, or the police for advice. Report the scam immediately to a fraud hotline such as the Senate Committee's toll-free hotline, (855) 303-9470.

¹ U.S. Senate Special Committee on Aging, 2019

