



## Financial Strategies For Your Future

### November Newsletter

Hello Eric,



“The only way to make sense of change,” as Alan Watts wrote, “is to plunge into it, move with it, and join the dance.”

As the final leaves fall and we adapt to the change in temperature, know that I am here talk to you about any concerns you have including fluctuation and any changes in your comfort levels or goals. We can "dance" through these changes together.

Please give us a call at:

**(603) 343-4515** anytime to schedule a meeting, or to say hello.

I am available for virtual meetings or in person, whatever makes you more comfortable.

Did you know...

A cat has 32 muscles in each ear and spends 66% of their life asleep?

<https://www.did-you-knows.com/?page=2>

## Events & Resources

### Annual Gingerbread House Contest & Exhibition

Where: Discover Portsmouth Welcome Center

Date(s): Ongoing until Nov. 19th

Cost: Free!

Registration is open NOW through Nov. 19. All ages and abilities, businesses and organizations are invited to create an entry.

All materials (with the exception of a sturdy base and lights if desired) must be edible.

### Great Bay Services Trail Tale

Where: Dover Community Trail

Date(s): Nov. 1-7th

Cost: \$20 donation

You are invited to take part in the Great Bay Services Trail Tale.

Walk the **Dover Community Trail** beginning at the Dover Rotary Trailhead, 33 Chestnut Street, Dover, NH.

Along the route read signs and scan QR codes to learn more about the story of GBSand how our clients

Read rules and find the online registration form on our website.

[More Information](#)

are a valuable and integrated part of our communities.

[More Information](#)



## **Monthly Wellness Wednesday: An Hour for You & Your Wellbeing**

**Where: Virtual**

**Date & Time:  
November 18, 12:00 – 1:00pm**

**Cost: Free!**

Now more than ever we need to maintain, or ramp up, our self-care regimens. Join us online once a month for a Wellness Wednesday: an hour devoted to learning about different components of Wellness.

Each month will focus on a different aspect of wellness, i.e. Physical Health, Spirituality, Social Health, Emotional Wellbeing, etc.

[More Information](#)

## **Seacoast Region Virtual Job Fair**

**Where: Virtual**

**Date and Time:  
Tuesday Nov 17, 2020  
10:00 AM - 1:00 PM**

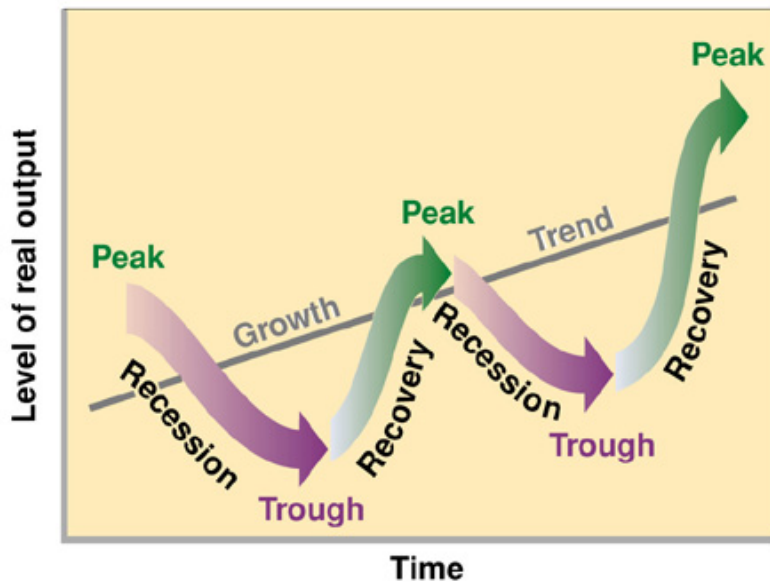
**Cost: Free- Registration  
Required**

The Seacoast Chamber Alliance and New Hampshire Employment Security are excited to join forces to bring this dynamic virtual event to you.

This virtual job fair will showcase many different industries with hundreds of positions around the Seacoast area.

[More Information](#)

## **Understanding the Business Cycle**



While you may get wrapped up in news headlines and short-term swings in the markets, the reality is long-term investment performance is highly dependent on the business cycle.

The business cycle (alternatively called the economic cycle) is defined as a period of economic expansion followed by recession. The business cycle is defined by four distinct phases: Early Cycle, Mid Cycle, Late Cycle, and Recession.

While stages of the business cycle vary in length, Gross Domestic Product (GDP) growth is viewed as a key indicator of the stage of the business cycle.

Corporate profits fluctuate depending on the stage of the business cycle, and as a result investment performance is driven largely by the business cycle. Additionally, different sectors may outperform the broader market depending on the stage of the business cycle. Understanding where we are in the business cycle can help level set investment return expectations and ensure investment portfolios are positioned optimally.

**Early Cycle:** This phase is characterized by a return to positive GDP growth after a recession, although growth is typically below the long-term trend. Growth is aided by Federal Reserve with loose monetary policy, such as low interest rates and ample credit availability. Economically sensitive sectors including real estate, consumer discretionary, and industrials tend to outperform versus the broader market as demand improves.

**Mid Cycle:** This phase, also referred to as the Expansion phase, is characterized by accelerating GDP growth. During this phase, unemployment is typically declining and inflation remains low (although likely increasing). This combination of favorable dynamics is often referred to as a “Goldilocks” economy and generally is favorable for stock market performance. Mid Cycle is often the longest of the phases, potentially lasting for years.

**Late Cycle (Peak):** At this point, GDP growth is likely still positive but slowing. Unemployment is typically at its lowest, while inflation reaches its peak. Defensive and inflation-resistant sectors such as materials, consumer staples, healthcare, and energy tend to outperform, given inflation is relatively high and investors may begin to position their portfolios for a downturn.

**Recession:** The phase is defined as a contraction in GDP for two or more consecutive quarters. During a recession, unemployment rises while inflation declines. The Federal Reserve will often cut interest rates in an attempt to stimulate the economy. Not surprisingly, equity markets are negatively affected as growth slows. Non-cyclical stocks such as consumer staples and healthcare tend to outperform during this time, although returns still may be negative.

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## Are You Prepared for Financial Surprises?



A job loss, an illness or an unexpected expense are not things we typically like to think about. Having a plan in place can help reduce your anxiety and protect you financially when the unexpected happens.

In these times of increased uncertainty, there has never been a better time to make sure you are prepared for unexpected financial costs. Setting up a rainy day fund, budgeting for home repairs and maintaining appropriate types of insurance are all steps you can take to insulate yourself from financial surprises.

**Rainy Day Fund:** Most of us never expect to lose our job, but in the current environment this has become a reality for millions of people. Set up a rainy day fund with 3-9 months of savings in order to cover living expenses. If you don't have enough savings now, allocate an affordable portion of your monthly earnings to build up your fund. Make sure your rainy day fund is in a highly liquid investment (high interest savings or money market account) and separate from your retirement and investment accounts.

**Home Repairs:** While home ownership may be rewarding, it can also come with costly surprises. Unfortunately, when the unexpected happens costs are typically in the thousands, if not tens of thousands. Experts recommend setting aside 1-3% of your home's value on an annual basis in order to have a fund ready for routine and unexpected maintenance. In addition, regardless of your personal financial situation you should



maintain an appropriate amount of homeowners or renters insurance.

**Health Expenses:** If health insurance isn't readily available through your employer, it can be tempting to ignore this added expense. The reality is that one major health issue could be financially devastating. There are numerous private plans available in the health insurance marketplace. Many individual states now also offer exchanges to facilitate the purchase of affordable health insurance.

**Disability:** A prolonged illness or disability can result in significant lost wages if you are unable to return to work. Short-term and long-term disability insurance can provide a safety net to replace lost wages in the event you have a serious illness. Many employers offer disability insurance as part of their benefits package. If not, there are ample private options available.

**Maintain Credit Availability:** Even with the best planning, we can still find ourselves in an emergency situation where we need quick access to funds. Having credit available provides a vital backstop if no cash options are readily available. Just remember to pay down this debt as quickly as possible once you get back on your feet financially.

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## Help Your Adult Children Take A Step Toward Financial Independence



Some of the biggest lessons your child may learn happen when they're entering adulthood and getting ready to live independent lives.

In a 2019 Pew Research study, most Americans say 22 is the ideal age for young adults to achieve financial independence. But in reality, only around one-quarter of 22-year-olds can make that claim. Between uncertain job prospects, rising housing costs and student loan burdens, financial independence may seem a long way off for many young adults. As a parent to one, you still have many life lessons to impart to your adult child, especially around managing money.

**Define what financial independence means.** Achieving financial independence can mean different things to different people, even within families. So parents and children should get on the same page about what financial independence looks like. It could be living without debt or moving out of the family home or landing a job that becomes a career.

**Encourage saving from an early age.** Even when money is tight, your adult child should plan to put some earnings aside for future needs. It's important to establish an emergency savings account, because surprise and unplanned expenses always come up. Contributing earnings toward retirement is also wise, even at a young age—it helps establish good savings habits and harness the potential of compounding returns over time.

**Practice what you preach.** You'll find it hard to maintain credibility if you don't follow your own advice. If you want your



child to be frugal or live within their means, they should see you do the same. Frugality isn't all about cutting costs and going without. It's more about getting the most value from the money you spend and not being wasteful and careless with money.

**Teach the basics.** Budgeting and managing credit are two areas where most young adults have little experience and knowledge, but you can demonstrate how valuable these skills are for achieving financial independence. Creating a household budget helps your child understand how cash flow works, from the income they earn at work to the outflows of basic and discretionary expenses. It's also important to teach a young adult the ins and outs of borrowing--how credit cards and other forms of consumer debt work, how interest rates differ, and how to maintain a good credit score.

**Pay down debt with financial gifts.** Your adult child would certainly welcome one-time financial gifts from parents or other family members, but this money should be used with purpose. Instead of splurging on travel, shopping sprees or expensive toys, your child should use a financial gift to pay down student loans or other debt. If they are debt-free, they should consider putting these gifts into savings or investment accounts, or setting them aside for a down payment on a home of their own.

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