The Newport Daily Express

BUILDING A BETTER
FINANCIAL FUTURE

Find out How to
Help Secure Your Financial Future
with the Help
of Local Experts

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Start thinking about financial planning now

Financial planning has become a catchphrase in recent years, and it's something many consumers may not fully understand. Learning some key components of financial planning can help people have more capital on hand to help them achieve their short- and long-term goals.

A 2018 study commissioned by GuideVine that polled 1,000 Americans 30 and older about their finances found that many lack knowledge of basic financial terms. In addition, the study found that numerous people feel completely lost in regard to having a solid plan with their money. Financial planning can be intimidating, but learning the basics of sound money management can help people secure their financial futures.

According to the online learning resource WiseGeek, financial planning is a process of setting objectives, assessing assets and resources, estimating future financial needs, and making plans to achieve financial goals. Investing, risk management, retirement planning, tax requirements, and estate planning are key components of financial planning.

To get started with financial planning, the financial guide and online resource Ramsay says individuals will need to see where they stand financially, establish financial goals and create a plan to reach those goals. While a person can create his or her own financial plan, oftentimes the help of a financial planner can make sure that all avenues are being explored, especially for financial novices.

It's important to note that financial planning may mean different things to different people. For some, planning may revolve around saving for a child's college tuition but still having enough money left to retire. Another person may be looking to save extra money to invest in a business venture. Others who are living paycheck to paycheck may need help reevaluating their spending so they can grow their savings.

One of the key components of financial planning is to begin doing it as soon as possible. A financial plan can be instituted at any age, and goals can be revisited as life changes occur.

Financial planning strategies are something anyone can learn and utilize to secure their financial futures.

Get in the habit of saving more each month

Saving is a vital component of financial planning. However, more than half of Americans are saving too little and do not have an accurate grasp of their spending habits.

A recent survey from Intuit Mint Life found that, in 2019, 59 percent of Americans were living paycheck to paycheck and 65 percent didn't know how much they were spending on a monthly basis. The situation is similar in Canada, where the annual BDO Canada Affordability Index indicates 53 percent of Canadians are living paycheck to paycheck and 25 percent say their debt load is overwhelming.

While there's no magic formula to save money, and the amount of money one should save each month depends on how he or she wants to live now and in the future, a handful of strategies can help people save more money each year.

• Follow the 50/30/20 rule. The popular 50/30/20 rule advocates for allocating 50 percent of your budget to essentials like rent, food and housing, 30 percent for discretionary spending and 20 percent for savings. Many people cannot save 20 percent of their income. In such instances, people can make a concerted effort to save 10 percent of their take-home pay.

• Build an emergency fund. The credit reporting agency Experian recommends consumers keep between three and six months' worth of expenses in an emergency fund. The fund should cover expenses on the absolute necessities paid each month, like utilities rent/mortgage and groceries.

• Set goals. Savings goals can help a person stay on track and provide motivation to put money away. Establish separate savings accounts for each goal to reduce the temptation to spend. For example, if the goal is to save more for vacations, then a person can open an account where funds are used exclusively for vacations.

• Automate with your employers' help. Certain employers allow workers to direct deposit a paycheck into more than one bank account. It's easy to request the payroll manager put 10 percent or 20 percent of a paycheck into a savings account while the remainder is deposited into a checking account. Automated deposits can help individuals get accustomed to living on less.

Saving money isn't always easy, but with goals and certain strategies in mind, it's possible for individuals to grow their savings and secure their financial futures.

Behaviors that can hurt your credit score

Credit plays a vital role in helping people realize their personal and financial goals. A good credit score can help people qualify for favorable home loan terms, ultimately paving the way for them to move into their dream homes. Strong credit histories also can help consumers earn perks, and young people who learn to use credit wisely can avoid potentially costly interest charges that tend to hamper many young adults' financial freedom.

Many consumers struggle with managing credit. According to FICO®, a data analytics company that developed the FICO score that many lenders use to determine consumer credit risk, more than 10 percent of consumers in the United States have credit scores lower than 550. Any score below 550 is considered very poor.

No two consumers are the same, but many struggling to establish good credit histories may engage in certain behaviors that can hurt their credit scores.

• Taking out too many lines of credit: Consumers without much experience managing their finances, such as college students and young adults, often find credit offers hard to resist. Retailers may offer significant discounts at checkout counters to shoppers willing to sign up for store credit cards. Inexperienced consumers may not recognize that such cards often feature inflated interest rates, especially when compared to more consumer-friendly cards. Avoid opening too many credit accounts, as doing so can adversely affect your credit score and make it easy to lose track of spending.

• Letting interest charges pile up: Paying interest on consumer debt like credit cards will not help consumers improve their credit scores, so pay balances off immediately. That's easier to do if you only have one or two lines of credit that you monitor regularly.

• Using credit for daily purchases: Credit is not cash in your pocket and it isn't money withdrawn directly from a checking or savings account, which is the case when using a debit card. So it's easy for consumers to lose track of their daily spending if they're doing that spending with a credit card. Balances can quickly pile up and, if they can't be paid off in full when the bill comes due, interest charges will begin to accumulate. This trap can be avoided if consumers commit to using credit only in emergency situations or when purchasing big-ticket items that they know they can pay off when the credit card bill is due.

• Failing to monitor credit score: It's now easier than ever for consumers to track their credit scores. In fact, many credit card companies provide free monthly updates to card holders, who won't have to lift a finger to see if their scores have improved or worsened over the last 30 days. Consumers should take advantage of this relatively recent perk so they can see just how their use of credit is affecting their overall scores. They can then use that knowledge to improve their scores going forward.

Certain behaviors can negatively affect consumers' credit scores. By learning about such behaviors and taking steps to avoid them, consumers can take a big step toward realizing their short- and long-term financial goals.

New Generation Retirement

It wasn't long ago that retirement meant a pension and a gold watch, but today's world looks much different than it has for generations past. The burden of retirement falls more heavily on the shoulders of individual Americans than it ever has before.

Together, we will traverse five important steps in retirement planning, where you will explore key areas that are fundamental to successful retirement planning. You will be confident knowing that you have given careful consideration to asset allocation, risk assessment, income planning, capital appreciation, and tax strategies.

Let us craft a plan uniquely suited to help you in this new generation of retirement.

5 Step Retirement Process:

1) Selecting a Financial Professional
2) Fact and Feeling Finding
3) Strategy
4) Strategies and Executing
5) Ongoing Relationship

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How Can I Help?

At times like this, with all that's going on politically, socially and economically you deserve to hear an objective, second opinion from a friend that you can trust. I hope you'll find me to be that friend.

Your updated financial plan will help you to know answers to these five questions:

1. Are you making smart decisions with your money?
2. Are you minimizing the impact of taxes on your finances?
3. Are your heirs appropriately cared for?
4. Can your assets be unjustly taken by litigation?
5. If you desire, are you maximizing your charitable activity?

My financial planning process works best for individuals or households with $250,000 to $2.5 million in investable assets.

If you would like to schedule a second opinion discovery meeting with me, either in person or on Zoom, ***please call or email my office****. I look forward to the possibility of connecting with you.*

Announcing A Spring Financial Planning Webinar Series

Social Security Webinar

- *How Social Security benefits work for you and your spouse*
- *When and how to start receiving Social Security benefits*
- *Opportunities to increase your benefits throughout retirement*

When: Saturday, March 13th at 9:00AM and Monday, March 15th at 6:30PM

Where: Webinar via Zoom

RSVP: via Email: cara.roberts@lpl.com or via Phone: 802-334-2100

The Retirement Income Planning Webinar

- *Attend this seminar to learn whether or not you're on track to retire when you'd like and at the income you desire*
- *Learn about preparing a plan that considers all of your retirement income sources and how much of a "nest egg" you will need to retire with independence and dignity*
- *Avoid common planning mistakes made by retirement accumulators*
- *Identify circumstances that can disrupt your intended retirement date, your savings schedule and your retirement account accumulations*

When: Saturday, March 20th at 9:00AM and Monday, March 22nd at 6:30PM

Where: Webinar via Zoom

RSVP: via Email: cara.roberts@lpl.com or via Phone: 802-334-2100

Financial Legacy/ Estate Planning Webinar

This is a presentation used with our clients and their children or their parents. It is a discussion of the importance of estate planning and the role of the entire family in the process. It helps you answer these questions:

- *What do you need to do and who can help?*
- *What does it accomplish?*
- *What taxes will you, your estate, your beneficiaries pay?*
- *How do you maximize your financial legacy?*
- *Will long term care costs potentially reduce your financial legacy*

Legacy planning often involves close family members or friends. We encourage you to invite your parents, children or grandparents to join you in learning about the legacy planning process.

When: Saturday, March 27th at 9:00AM and Monday, March 29th at 6:30PM

Where: Webinar via Zoom

RSVP: via Email: cara.roberts@lpl.com or via Phone: 802-334-2100

To stay up-to-date on all of Paul's educational events now and in the future, please like Paul Decelles Financial Strategies on Facebook.

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Saving strategies as retirement draws near

Professionals on the cusp of retirement are often excited about what lies ahead. Some prospective retirees may look forward to traveling once they no longer have to go to work each day, while others may plan to return to school. Regardless of how adults envision spending their retirement, they're going to need money when they're no longer being paid by their employers.

As retirement nears, some professionals may be concerned that they haven't saved enough. There's no one-size-fits-all answer in regard to how much money people will need in retirement. People who are worried they haven't saved enough can try various strategies to build up their account balances before they officially call it a career.

• Take advantage of catch-up contributions. Adults who are 50 or older are eligible to take advantage of catch-up contributions. These are designed to help people over 50 contribute more to certain retirement accounts, such as a 401(k) or IRA, than statutory limits would otherwise allow. There are limits that govern the amount of money people can designate as catch-up contributions, but taking advantage of this perk can help people save more as retirement draws closer.

• Consider relocating. A recent study from the Employee Benefit Research Institute found that housing costs accounted for 49 percent of seniors' spending. Professionals nearing retirement who live in areas traditionally associated with a high cost of living can begin to rethink their long-term housing strategy. Relocating to an area with a lower cost of living is one option, while those who prefer to remain in their current town or city can consider downsizing to a smaller home to reduce their property taxes and monthly utility bills.

• Continue investing. Conventional wisdom suggests moving away from investing in stocks the closer you get to retirement. Though that's a sound strategy, professionals who are trying to build their retirement savings in the final years before retiring could be missing out on significant growth by abandoning stocks entirely. Speak with a financial advisor about stock-based investments and your risk tolerance. Maintaining a diversified portfolio with a little risk can be a great way to grow your savings as retirement draws near.

Professionals approaching retirement may be dealing with a mix of excitement and anxiety, particularly if they're concerned about their retirement savings. Various strategies can help quell such anxiety and make it easier for professionals over 50 to build their savings as retirement nears.

3 Tips to Own Your Financial Outcome in 2021

(StatePoint) 2020 was more than just a health crisis, it had ripple effects on nearly every aspect of our lives, including our long-term financial plans.

Research from Lincoln Financial Group shows that personal finance concerns have intensified over the past year. Nearly half of Americans say they are preparing for the 2020 election's impact on their investments and retirement accounts, and a vast majority have expressed a need for financial education to help them be better prepared for the future. As uncertainty continues amidst the ongoing COVID-19 pandemic, Americans' hopes of a comfortable retirement are at risk.

"If you are nearing your retirement years, the events of this past year may have been especially concerning, and if you are rethinking your retirement plans altogether in light of 2020, you're not alone," says John Kennedy, head of Retirement Solutions Distribution at Lincoln Financial Group. "The good news is that with some smart steps and proper planning, you can set yourself up to feel more in control of your finances in the year ahead and for years to come."

Kennedy offers the following tips to pandemic-proof and own your financial outcome in 2021:

1. Talk with a financial professional. If you're not already, consider talking to a financial professional about your goals, roadblocks and concerns, especially given today's circumstances. Lincoln's research shows that nearly a third of Americans agree that now is a good time to talk with one. They are well-positioned to help you consider a broad range of solutions that best address your individual needs and situation.

2. Protect your income. Your advisor may suggest diversifying your portfolio to include an annuity, which is a financial product that can provide you with protected income in retirement. Solutions like an annuity can help you feel better prepared to navigate volatility, protect the retirement savings you've worked hard for, as well as provide a legacy for loved ones.

"With annuities, you have options for both protected growth and income that can help you feel more secure that you can maintain your lifestyle in a down market," added Kennedy.

3. Stay the course. New research shows that an unpredictable market concerns more people than actual investment losses. But while market twists and turns may take you for a ride, it's important to resist the temptation to jump off altogether. By proofing your portfolio to weather market ups and downs, you can guard against market losses, while keeping your money invested for growth.

For more resources and tips, visit www.lfg.com.

As you look ahead to a new year, it can be empowering to shift focus onto matters within your control. Proper financial planning, along with strategies that offer protection and opportunities for growth, can help you feel more secure as you work toward your investment goals.

6 Ways to Tell If You Have Enough Life Insurance

(StatePoint) If we've learned anything from 2020, it's that life can be unpredictable. Having sufficient life insurance can provide financial stability and security to loved ones during times of uncertainty.

Forty-one million Americans say they need life insurance but don't have it, according to LIMRA's 2020 Insurance Barometer Study. Others are insured but don't have enough coverage. If this describes you, your spouse or children could find themselves in a financial lurch, expected to pay off debts, loans and final expenses when you die, especially if you're the main source of income.

"Having insurance isn't just about financial protection," says Louis Colaizzo, senior vice president of Erie Family Life. "It also helps maintain some sense of normalcy for family members. Kids can continue their extracurricular activities, partners can maintain their lifestyle and families can stay in the home they know and love."

So, how do you know if you have enough? During February, which is "Insure Your Love Month," an annual reminder to financially protect loved ones, here are six questions from Erie Insurance experts to help you find out.

1. Do you have enough to cover final expenses? Make sure you can accommodate funeral or burial expenses, end-of-life costs or unpaid medical bills. Otherwise, your family may be responsible for paying these. According to the National Funeral Directors Association, the national median cost of a funeral with viewing and burial for 2019 was $7,640 – a steep sum many can't pay out of pocket without notice.

2. Will your family receive enough to cover income loss or debt? If you're your household's primary earner, you'll want to ensure you have enough money to maintain your family's lifestyle. For example, can your policy help pay off a mortgage or multiple car loans in full or cover expenses like groceries? If not, your spouse or dependents might find themselves struggling, putting them at risk for foreclosure or other financial hardships.

3. Do you have dependents? A dependent is someone who relies on your income to make ends meet. According to the U.S. Department of Agriculture, the average cost of raising a child through age 17 is $233,610, not including the cost of a college education. That's a big strain.

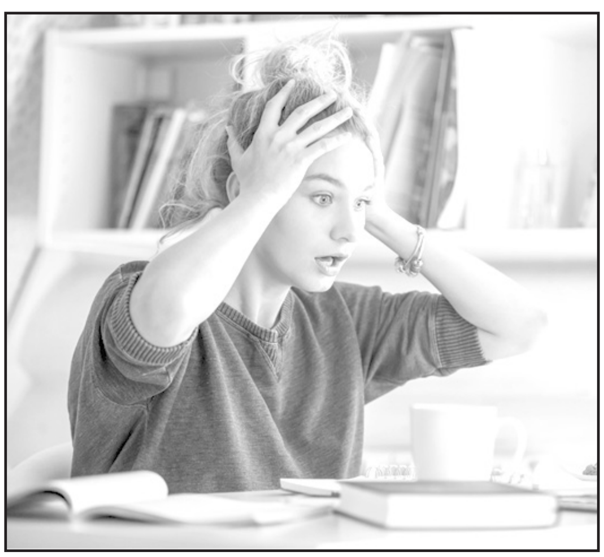
4. What kind of retirement do you want? How do you guarantee you'll have enough for the future and won't need a second career late in life to cover living expenses? One way is to tap into the cash value of a permanent life insurance plan and use it as supplemental income during retirement.

5. Do you have unique lifestyle considerations? Do you own a business or want to leave a legacy when you're gone? Having an insurance plan will protect these assets and give you peace of mind that your money goes exactly where you want it.

6. What if your circumstances change (again)? Some life insurance companies, including Erie Family Life, offer a Guaranteed Insurability Option rider to help with the quickly changing times, making it possible for you to purchase additional insurance later, even if circumstances deem you "uninsurable." This means the death benefit can be increased as your needs change but you won't have to answer medical underwriting questions -- a relief for many.

To revisit your life insurance policy, contact an independent Erie Insurance agent who can discuss your personal options by visiting erieinsurance.com. According to experts, one of the easiest ways to protect loved ones and their financial futures is to prepare for the unexpected.

Protect yourself against crowdfunding scammers



In June 2015, the Federal Trade Commission settled its first case involving crowdfunding, a way for individuals and businesses to finance a project or venture that involves raising funds from numerous donors, typically through online platforms. Since that first case, many crowdfunding scams have been uncovered and prosecuted, though donors must remain vigilant before donating to causes via crowdfunding campaigns.

Many crowdfunding efforts are legitimate. However, consumers should still take a cautious approach and exercise due diligence before donating to such ventures.

• Confirm credentials prior to donating. Consumer Reports notes that crowdfunding sites verify that page creators have Facebook pages. However, the existence of those pages alone does not mean a crowdfunding effort is legitimate. In addition, the Better Business Bureau® notes that some crowdfunding platforms do a better job of vetting projects and postings than others. When visiting a creator's Facebook page, look for potential red flags. A page with a limited history that seems to have been created right before the crowdfunding effort was started is a red flag.

• Learn more about the creator. A legitimate crowdfunding effort that's worthy of your donation should be transparent. Creators should be forthcoming about their backgrounds and their expertise in the field. Little or no experience is not necessarily a sign of a potential scam, but donors may want to support operations that have the best chance at being successful, so inexperience on the part of the creator should not be downplayed.

• Beware of emotional appeals. The BBB notes that scammers often rely on emotional appeals, and these appeals imply a sense of urgency indicating money is needed right away. Donors should be wary of such appeals and conduct their due diligence even if the page says the situation is urgent.

• Donate via specialized crowdfunding websites. The BBB notes that some crowdfunding sites are dedicated to specific types of fundraising efforts, such as medical funding or projects focused on raising money for education. According to the BBB, these sites are more likely to sniff out scams than general crowdfunding sites that may have trouble keeping up with the volume of new efforts and pages posted each day.

Crowdfunding can be a great way to raise money for a good cause. But donors also must be diligent when vetting crowdfunding efforts to ensure such projects are legitimate.