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S U C C E S S

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How to Save More: Step by Step

For many of us, saving money is very difficult. The truth is that most people don't keep careful track of how much they spend and so don't do enough to find ways to save. If that describes you, here's an eight-step program to help you find more savings in your household income.

Step 1: Create a budget. Don't think of a budget as a way to scrimp, but as a log that keeps you aware of where your money is going and enables you to manage it better. The key is to keep it organized and in a format that you can return to again and again.

Make a single sheet for each month. Organize it into two sections, one for expenses and the other for income. Divide the expenses section into two parts: the ones you pay for out of your checking account and the ones you pay for at a cash register. Then create a line for every kind of recurring expense you

have, from your mortgage or rent, to your utilities, phone, and cable, your memberships and subscriptions, life insurance, and payments for loans and credit cards.

For out-of-pocket expenses, make estimates in advance and create line items for lunches out, personal care like the hairdresser or beauty shop, gas and oil, prescriptions, clothing, and entertainment. In each part, do your best to include everything, but your budget is a living document that you can add to

as you remember items.

Devote another column to the net income you expect to receive for the month from all sources. Then, subtract your total expenses from your income. If the result is negative, you've discovered a problem. Fixing it, either by spending less or earning more, will bring your spending in line with what you make.

Step 2: Track your spending. What you've just created in the first

The Fundamental Investing Principle

What is the most fundamental investment principle — selecting the proper investments, accumulating the correct combination of assets, or timing the market to avoid corrections? Actually, the principle may not even sound like an investment principle at all. To help ensure you meet your financial goals, you must save significant sums of money on a consistent basis. Consider the following example.

Fresh out of college and 25 years old, you decide you'll need \$1,000,000 when you retire at age 65. You can save on a tax-deferred basis through your employer's 401(k) plan and expect to earn 8% compounded annually. If you start at age 25, you'll need to invest \$3,860 a year for 40 years to reach your goal. However, you decide to wait 10 years. At age 35, you now need to invest \$8,827 per year for 30 years. Still seems like too much? Consider that at age 45, you need to invest \$21,852 annually. The really bad news is that someone waiting until age 55 will need to invest \$69,029 annually to reach that goal. By postponing investing, you lose time and, with it, the ability for compound returns on your contributions to perform much of the work of attaining your goals. ○○○



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How to Save More

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step is a master budget. Now, you have to start tracking what you actually spend. That's not too hard when it comes to making payments out of your checking account. The challenge is when you pay for things at a cash register, whether you use cash or a card.

Keep all your receipts and make a daily record for any expenses for which you don't receive a receipt. Then once a week, enter what you actually spent into your budget. Look for how your actual spending affects the balance between your expenses and total income for the rest of the month.

Step 3: Set a saving goal. As you make your master budget, you need to think about a goal for the extra savings you want to achieve. Enter that amount as a line item in your column of recurring monthly expenses.

Step 4: Make the savings automatic. The key to actually saving what you intend to save is to make the transfer from your paycheck automatically. It's best to do one of three things: increase the amount that you contribute to a workplace savings plan by payroll deduction, authorize a deduction every month from your checking account, or write and deposit a check into your saving account as soon as you get paid.

Step 5: Cut down on discretionary spending. The places you'll find savings are for the things you can really do without. These range from snacks at vending machines to meals out, movies, shows and concerts, premium TV channels, expensive smart phone data plans, and even your vacations. It can be difficult at first to say no to yourself, but with practice it gets easier, especially when you see your savings balances start to grow faster.

Step 6: Review your big-ticket finances — mortgage and car loans

Don't Forget Digital Assets in Your Estate Plan

When preparing an estate plan, people often forget about their digital assets. But with so many managing their lives online, digital assets are an integral part of your estate plan. There is a myriad of digital assets to think about as part of your plan, including:

- ✓ Computers, external hard drives, smart phones, cameras, flash drives, and other electronic devices.
- ✓ Online accounts, such as bank accounts, investment accounts, utilities, mileage and reward accounts, and/or social media accounts.
- ✓ Any important documents you have stored in electronic files, such as tax returns, insurance documents, wills, and trusts.

The first step is to conduct a thorough inventory of all your digital assets. Make a list that includes the type of asset, the location of each, website addresses where applicable, usernames, and passwords. You should provide the written list to the person you are entrusting to take care of these assets or keep a copy with your

will that clearly identifies the person in charge of managing them.

Other things to consider for storage of digital assets is an online vault and a password manager. The online vault allows you to store all of your important documents in one secure online account. The password manager stores all of your usernames and passwords for all of your online accounts.

The person responsible for your digital assets only needs access to one password that will give him/her the information for all of your other accounts.

In your estate plan, you will want to provide clear instructions as to who is responsible for your digital assets and how you want them handled. You will want to select someone you trust, because you may have private details you want kept private. Make sure you indicate if you want accounts closed, documents deleted, and any accounts or documents needing to go to a certain person, especially if there is any associated monetary value. ○○○

or leases. You can find your biggest savings by carefully reviewing your biggest expenses. With mortgage rates near record lows, refinancing could save you hundreds of dollars a month. If you're leasing a luxury vehicle, consider going down a notch or two when it expires or buy a recent-year used car — you'll save thousands on the depreciation and could lower your monthly spending significantly.

Step 7: Avoid late payment penalties and overdraft fees. Pay all your bills on time so you will avoid being charged costly late fees, and keep your checkbook up to date to avoid any overdraft charges.

Step 8: Buy only with cash. As much as possible, make your purchases with cash instead of using high-interest credit cards. The idea is to force yourself to postpone impulse purchases that increase your balance and rack up interest charges.

It's always better to err on the side of saving too much than too little. Gauging just how much you really need to save, however, is more a matter of art than science, so please call if you would like to discuss this in more detail. ○○○

Leaving a Legacy

Many of us want to do our part to leave the world a better place. Fortunately, there are many ways you can ensure you'll have a meaningful impact on the world by leaving a legacy that lasts long after you're gone. Of course, you can also leave a financial legacy, using the wealth you've accumulated in your lifetime to do good in the world. Below are five different ways to leave a financial legacy.

1. Give gifts in your lifetime. If you have the financial freedom to do so, making financial gifts while you are still alive is a great way to leave a legacy. Money donated to qualified charitable organizations can be deducted from your taxes, saving you money while also helping you support a good cause. If you want to leave a family legacy, consider giving gifts to loved ones while you are living, like helping pay for your grandchild's college education. Just make sure you're aware of annual limits on what you can give to individuals without triggering gift taxes (\$15,000 per person in 2018).

2. Make a bequest in a will. Many people use their will to make philanthropic bequests to a favorite charity, their alma mater, or their church. Recognizing an organization in your will is a relatively easy way to leave a legacy. Bequests in a will don't require any additional

planning and are exempt from estate tax, provided the recipient is a qualified charitable organization. However, if you plan to make a substantial bequest to a charity, you may want to inform them of your plans in advance. This is particularly important if you plan to donate real property, like real estate or artwork, as not all charities will want or be able to accept such donations.

3. Create a charitable remainder trust. If you would like to make a substantial gift to a charity but also want to provide for your heirs or continue receiving income during your lifetime, a charitable remainder trust (CRT) may be an option. Here's how it works: You transfer assets to the trust (and get a tax deduction at the time of the transfer), and you or your heirs receive income from the trust for a specified period of time. When that period ends, the remaining assets go to the charity of your choice. A word of caution: CRTs are irrevocable, which means you can't reverse them.

4. Set up a donor-advised fund. Know that you want to leave money to a charity, but are not ready to hand it over just yet? Consider setting up a donor-advised fund. This fund allows you to make contributions that are earmarked for charity and claim the associated tax deduction in the year you contribute to the fund. You continue to make contributions to the fund,

which are invested and grow free of tax. When you are ready, you can choose a charity to receive all or some of the accumulated assets.

5. Fund a scholarship. Endowing a scholarship is a great way to make a difference in the life of a talented student. Here's how it typically works: You give a certain amount of money to the school of your choice, which earmarks it to fund scholarships, often for certain types of students (e.g., female math majors, former foster children, or students suffering from a certain disease). Other scholarships may be established through community foundations. A seed gift of \$25,000 or \$50,000 may be enough to get started. However, while you may be able to have a say in selection criteria for the scholarship, there's a good chance you won't be able to select the recipient yourself. If you want to do that, you'll need to distribute the money in another way, perhaps by setting up your own nonprofit organization.

6. Start a foundation. Starting a family foundation is appealing to many, especially those who like the idea of having greater control over how their money is used, as well as the prestige that comes with running a foundation. Well-managed private foundations can also endure for many generations after you're gone. But you'll need substantial assets to make setting up a foundation worth it. Plus, foundations are complicated and expensive to set up and administer. If you are committed to the idea of giving back and especially want to keep the entire family involved in giving (a concern for many wealthy families), a private foundation could be the way to go.

Curious about steps you can take to leave a meaningful legacy? Please call to discuss this topic in more detail. ○○○



4 Steps to Gain Financial Confidence

When it comes to being in control of your money, confidence is one of the most important attributes you can have. Below are four simple suggestions that can help you increase your financial confidence:

1. Get organized. Not too long ago, it didn't take much work for the average person to organize their finances. Today, things are more complicated. Credit cards, home-equity lines of credit, student loans, 401(k) plans and IRAs, 529 plans for college expenses — the list of things to keep track of seems endless. Getting organized will give back a feeling of control.

There are numerous strategies for getting organized. Some people stick with that old-fashioned accordion file. Others go completely digital, taking advantage of apps and online document storage to keep everything straight.

2. Get educated. Simply taking the time to learn more about finances and managing your money can do wonders for how you feel about your life. Basic financial literacy isn't really covered in most schools' curriculum, so many otherwise savvy adults are clueless in this area. Fortunately, increasing your financial literacy is not hard, it just requires a little bit of effort. Many community colleges, churches, and nonprofit groups offer

classes, or you can sign up for a class online. Consider watching videos or reading articles that review financial concepts.

3. Get a financial plan. To achieve true financial confidence, you need a plan. Setting goals and making meaningful progress toward those goals will do wonders for your financial self-esteem.

Why is a financial plan so important? It brings together all the threads of your financial life. Having a solid financial plan in place that covers everything from preparing for emergencies to planning for retirement is key to boosting your financial confidence.

4. Get help. Getting reliable advice from an outside expert can help improve your financial confidence. Just like a doctor supports and guides you in making decisions about your health, a financial advisor is there to make sure you're sticking to your financial plan. Even if you're organized and financially savvy, there are many decisions that are difficult to make on your own. If you're unsure about what to do next, please call. ○○○

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Distributing Personal Possessions

Disputes over personal possessions are more apt to cause conflict among heirs than disputes over money. Some items to consider include:

✓ **Take time to think about who should receive treasured personal possessions.** You might want to detail your wishes in a separate letter to your heirs to prevent disagreements.

✓ **Ask your heirs what possessions are important to them.** Otherwise, you may inadvertently give a treasured possession to one child without realizing its importance to another child.

✓ **Don't distribute assets based on arbitrary criteria.** You don't necessarily have to give your jewelry to your daughter or tools to your son.

✓ **Devise a method for heirs to distribute personal possessions.** After you have determined how to distribute your most valued possessions, detail a method for heirs to distribute the rest of your possessions. It can be as simple as having heirs take turns selecting items or flipping a coin if more than one person is interested in an item. ○○○

Financial Thoughts

In a recent survey, those who claimed Social Security benefits before full retirement age did so primarily because they stopped working (Source: National Bureau of Economic Research, 2017).

It seems children have a negative effect on retirement preparedness. Each child increases the risk of not being able to fund retirement by two percentage points. The increased risk is due to women with children having

lower labor participation rates and earning lower wages. At the same time, consumption is higher. The cost for a family of four is 40% greater than the cost for two adults (Source: Center for Retirement Research at Boston College, 2017).

Postponing claiming Social Security benefits from age 62 until age 70 increases the size of benefits by about 75%. Delaying impacts not only the benefits at

the time of claiming, but also the survivor benefit for married couples. The Society of Actuaries says nearly half of widows have no income other than Social Security (Source: Society of Actuaries, May 2017).

A recent study found that a preference for value, growth, large, or small stocks is related to an investor's personality (Source: *All Journal*, October 2017). ○○○