Delayed Gratification and Wealth

Your Green® with
Roger Green, MSFS, CFP©

Have you heard of the Stanford Marshmallow Experiment conducted in 1972 by a Stanford University psychologist? In this experiment, children are given a marshmallow and told they would receive a second marshmallow if they could resist eating the first. Scientists studied how long each child resisted the temptation to eat the marshmallow. A long-term study of the children who participated in this experiment showed those who were able to wait for the marshmallow –to defer gratification- were most successful in life.

The skill of giving preference to long-term goals over more immediate desires is known as deferred or delayed gratification or patience, and this is generally considered a virtue. As a financial advisor, I have met with thousands of people from many different situations. The ones who are often the most successful at accumulating assets and obtaining financial freedom and security are many times those who have mastered the skill of delayed gratification.

Mastering delayed gratification does not mean you must deny yourself all pleasures, but it does mean you need to find a healthy balance between satisfying your immediate desires and the need to discipline yourself to forego some-thing you want now; to build something you know you will need in the future.

Sadly, in today's world, we seem to be leaning more and more toward a need for "immediate or instant gratification", helped along by readily available fast or packaged food, our electronic and social media addictions, easy access to a wealth of instant information and shopping on the internet, and the constant flow of a wide variety of entertainment available to us at all times. The temptation to put everything we have toward our immediate desires is all around us. WE WANT IT ALL RIGHT NOW!

Is a need for instant gratification affecting my financial well-being? Are you like the child who can't resist immediately eating the marshmallow? Do you really need to eat out daily, that new flashier car, yet another new outfit, or that next-generation smartphone? Is this need for "instant gratification" keeping you from saving money to cover emergencies, or even worse, creating a mountain of debt that is stressing you out? Or are you perhaps doing without some of those things; looking forward to the future and delaying some immediate gratification to save money to-ward a home, a dream vacation, a business of your own, or perhaps a retirement account to secure a certain quality of life in the future? Ask yourself if those who do find ways to save money for these types of things possibly end up with greater potential for success and future joy than you will.

Have you convinced yourself you cannot afford medical, disability, or life insurance protection to protect yourself and your loved ones from future potential financial devastation; while continuing to buy the latest gadgets and enjoying frequent restaurant meals and entertainment? Ask yourself if those who make sacrifices on some immediate pleasures to purchase insurance protection "just in case" will potentially have a more secure and more successful future than you will, if they suffer an unexpected illness or disability. Will their families be better off if they suffer an early death?

Are you missing out on the possibility of compounded growth on investment assets; because you aren't setting aside money for your future? Are you having to save more now because you didn't save smaller amounts when you were younger? Ask yourself if those who start saving earlier will likely pass you in terms of assets they are accumulating and the future they will have as a result. Will you ever catch up?

Perhaps you are trying to invest for your future, but are you losing money investing in risky ventures and "get rich quick" schemes, looking for immediate return, rather than putting your money to work in longer-term investments that have historically demonstrated growth over time? Are you "buying high" rather than following the tried-and-true investment strategy of "buy low, sell high", because you are always jumping on the bandwagon of "what's popular now" when making your investment decisions? Ask yourself if the investment that is already peaking is really going to earn much money for you.

I coach people on a buy-and-hold investment strategy seeking maximum return through long-term capital appreciation. Wikipedia defines "buy and hold" as a long-term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short-term market timing, i.e., the concept that you can enter the market on the lows and sell on the highs, does not work because it is nearly impossible for anyone to predict the lows or the highs, giving you lower results over time. I am not a day trader; and do not recommend individuals in-vest in that manner. I advocate a well-diversified long-term capital appreciation approach for my clients.

If you are ready to turn your financial life around to focus on deferring gratification for potential future long-term financial success, please contact my office at 770.931.1414 or visit my website at www.RogerSGreen.com to schedule a complimentary consultation. We are here to help!

Roger S. Green is an Investment Advisor Representative offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and Broker/Dealer, member FINRA/SIPC. His office is located at 3700 Crestwood Pkwy, Duluth, GA 30096. Green Financial and Cetera Advisors are not affiliated. Note: Past performance does not guarantee future results. All investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful. A diversified portfolio does not assure a profit or protect against loss in a declining market.

Protecting Those We Love

The recent years, COVID-19 had many people thinking more about their own mortality, leading many to take steps to plan to protect their loved ones. **Life insurance is an important part of such planning, and may play a critical role in a successful financial strategy**. It protects from financial loss in the untimely death of an income earner, caretaker, or even a business owner or key employee.

Following the loss of a loved one, life insurance provides funds for paying the mortgage; daily needs and expenses of a spouse, child, or dependent parent; tuition or children's education; funeral and burial expenses; estate taxes; and paying off debts. Many without dependents are naming a church or a favorite charity as the beneficiary so they may leave a legacy behind.

If you have a family or spouse who depends on your income, it is imperative you have sufficient life insurance protection. Do you need protection if you are not the primary income earner? Coverage may be just as important in situations where both parties work, especially if total living expenses and debt exceed what one income can cover. Most people focus on protecting the income of the primary breadwinner, but the loss of a stay-at-home parent can result in a significant financial burden. Especially important when there is a need to cover child care, cleaning, providing transportation to family members, and even cooking for the family. Do you have a policy to allow you to provide for these potential needs?

<u>How much life insurance should you carry</u>? To obtain a broad ballpark figure, you can start by determining the family's actual expenses, assets, and income and then use the following formula:

1. Determine the amount of money needed annually to support dependents if you died right now (*exclude debt like a mortgage, credit card debt, car payments, etc*) and <u>multiply this by 20</u>. Be sure to include things you desire for your family - like potential college expenses for children and perhaps add the cost of inflation over time.
2. Subtract financial assets (*exclude home equity and tangible property*).
3. Subtract the amount of life insurance coverage already in place (*such as through your employer*).
4. Add your total debt (*including mortgage, credit card debt, and car payments*)
5. The remainder is a ballpark of what you need.

The term and type of coverage needed will depend on the ages or life expectancy of the dependents needing support and the age of the insured to be covered, among other things. An example:

1. John needs at least $20,000 a year to support his family (wife/2 young children) outside of his mortgage and other debt. 20,000 x 20 years = $400,000.
2. John has financial investments totaling $100,000
3. John has a $150,000 policy through his employer.
4. John owes $200,000 in debt
5. $400,000 - $100,000 - $150,000 + $200,000 = $350,000, so John needs approximately another $350,000 in life insurance.

The cost of the premium for life insurance may vary depending on, but not limited to: age, health based on medical underwriting, family medical history, job risk factors, habits, hobbies, face value or policy worth, and the term desired. **Many procrastinate on obtaining the additional life insurance they need and then find out a health issue prevents them from qualifying for the coverage they desire, or it is so expensive they cannot afford the coverage.**

There are many different types of life insurance, but term life is the most commonly purchased and generally the most affordable. They are available providing a level premium for a guaranteed period, such as 10, 20, or 30 years and protecting you from unforeseen cost increases. Guarantees are backed by the claims-paying ability of the issuing life insurance company.

<u>**Actual sample quotes**</u> <u>(*all preferred non-smoker health rating rates updated 03/25*)</u>:

- *Age 22 female $100,000 coverage, 20-year level term, approx. $100 annually or $8 a month*
- *Age 36 male $100,000 coverage, 20-year level term, approx. $125 annually or $10 a month*
- *Age 38 female $100,000 coverage, 20-year level term, approx. $120 annually or $10 a month.*
- *Age 50 male $1Mil coverage, 30-year level term, approx. $3,322 annually or $277 a month*
- *Age 50 female $500,000 coverage, 30-year level term, approx. $1290 annually or $108 a month.*
- *Age 60 male $250,000 coverage, 10-year level term, approx. $818 annually or $68 a month.*
- *Age 70 female $100,000 coverage, 10- year level term, approx. $810 annually or $68 a month.*

As you can see, the level premium price increases as you age, so procrastinating may cost you a considerable amount of money. Those with lower health ratings and smokers will pay more for their coverage. Your medical history and usually some form of medical examination/lab work are required to obtain most life insurance. **Don't wait, however, because along the way you may develop medical issues that render you uninsurable, or that result in premiums too high for you to afford**, leaving your loved ones without the protection they need.

As with most insurance, you don't generally want to need to use your coverage, but if the unexpected does happen, your loved ones will be happy you cared enough to plan to protect them.

If you already have life insurance, **remember to make sure your beneficiary designations are up to date, and that you have designated contingent beneficiaries** who would receive the policy proceeds in the event your named beneficiary passes before you.

To discuss further or to get help with any financial or investment questions you may have, please call us at 770.931.1414 to schedule a no-cost, no-obligation consultation to review your situation.

Roger S. Green is an Investment Advisor Representative offering securities and advisory services through Cetera Advisors LLC, member FINRA/SIPC, a broker/dealer, Registered Investment Advisor. Cetera is under separate ownership from any other named entity. Roger's office is located at 3700 Crestwood Pkwy Duluth, GA 30096.

What Women Need to Know About Retirement

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A 2020 report by the National Institute on Retirement Security (NIRS) found that across all ages women have substantially less income in retirement than men (National Institute on Retirement Security, NIRS 2020). By age 65, 80% of women are more likely than men to live in poverty. Women age 75 to 79 were three times more likely to fall below the poverty level than men.

Here are some of the many factors creating the problems women are facing in successfully planning for retirement:

Women are more likely to stop working to care for family, resulting n lower lifetime savings due to fewer years of income. These breaks also impact their overall salary gains and earning potential; and result in them making less money during their working years.

Women are more likely to work part-time jobs without benefits, including retirement accounts. This results in lower lifetime savings rates due to fewer years of generating income. A Transamerica study from 2023 showed that 16% of women work part-time compared to only 8% of men.

Women live longer than men on average. A woman retiring at age 65 can expect to live another 20 years – about 2 years longer than a man's life expectancy (US Dept of Labor/DOL). However, the 2023 Transamerica study found women estimate their retirement saving needs to be less than what men estimate they will need (60% of men estimate more than $600k vs. 53% of women who say $500K).

Women tend to invest more conservatively than men, potentially causing them to lose out on growth opportunities needed to make their money last through their longer retirement years.

Even though the household incomes of individuals age 65+ have increased in recent years, women have 17% less income than men during these years (NIRS 2020).

Of the women offered a 401k or similar plan, only 76% participated, versus 81% for men, and men contribute higher percentages of their income than women. Additionally, 60% of women are likely to be confident in their ability to fully retire with a comfortable lifestyle, compared to 73% of men (Transamerica 2023).

Women need to be more aware of these statistics and trends and take action to ensure they work to get their retirement on track as early as possible. What steps can you take to better control your financial future?

Take advantage of the benefits offered through your employer. Join as soon as you are eligible, and contribute the maximum possible. Look for ways you can sacrifice elsewhere to put more toward your future if not able to save the maximum. If there is a 401k match, make certain you contribute what is needed to earn the full matching amount – or you will be giving away free money!

Do not draw from your retirement assets before retirement unless you have no other financial options. If you leave a job, leave your assets untouched or roll them over into your new plan or an individual IRA – don't cash them out!

Figure out what you will need in retirement and develop a plan to get there. Make sure you include things like the cost of retirement living, inflation, taxes, and medical expenses. Seek the advice of a financial professional early. You wouldn't put a filling in your own tooth or perform surgery on yourself. Your financial future is no less important.

Protect yourself from the loss of income that comes with a disability. Where financially feasible, obtain long-term care insurance to provide for your needs in the event of lengthy illness or disability. *Whether a single parent, a family caregiver or a working spouse, make certain there is adequate life insurance in place to protect those you love*. Many underestimate these needs. If the family caregiver were to die unexpectedly, how would you pay for the need for child care and other contributions that person is making currently? If both spouses work, would you be able to afford all of your bills in the event of the death of your spouse?

Take an active role in household finances. Become financially literate. Educate yourself and become or stay involved in household budgeting, bookkeeping, and bill-paying.

When faced with decisions about reducing work hours or leaving a job to become a caregiver, weigh the financial impact those decisions may have on your future, and plan wisely to mitigate the impact.

One way to mitigate the impact would be to take advantage of the Spousal Roth IRA (Individual Retirement Account) provision that allows a non-working spouse to contribute to a Roth IRA based on the income of the working spouse. If you meet the eligibility requirements, your working spouse can contribute to an account in your name, from their income/assets. The Roth IRA allows you to make withdrawals during retirement that are not subject to income taxes, increasing the portion of your money you may have to spend in retirement.

There are more restrictive guidelines for making a Spousal IRA contribution into a traditional IRA account. Traditional IRA contributions would reduce your taxable income for the year for which the contribution is made, however, because you didn't pay taxes on those contributions when you made them, withdrawals from those accounts will be taxable as income in retirement.

Learn all you can about Social Security and Medicare so you are prepared for the choices you will need to make. If divorced, you may qualify for a higher Social Security benefit under the record of your ex-spouse. Weigh the decision to take early retirement benefits, as this may permanently decrease your benefits, reducing the income you have to live on for the rest of your life.

Think now in terms of planning for "worst case scenarios", such as divorce or the early death of a spouse. These are not pleasant thoughts, but careful retirement planning needs to consider these often unexpected life changes. In the event of divorce, you may be entitled to a portion of your spouse's retirement benefits. In the event of death, you may also be eligible to receive a survivor benefit. Know the rights you may have under a spouse's retirement benefits.

If forced into an early retirement situation, or if your retirement benefits are being exhausted too quickly in retirement, consider cost-cutting changes such as moving in with a relative, downsizing your home, or taking a roommate to help defray costs.

Most of us cannot save enough for a comfortable retirement without obtaining growth on our assets, especially considering the negative impact of inflation and taxes. Make sure your retirement plan is designed to try to increase the probability of long-term growth to increase the potential of achieving your retirement goals.

If you are a woman wanting to review your retirement future – whether on your own or as part of a couple, please contact our office at 770.931.1414 to schedule a no-cost appointment. We are here to help, and I've been helping women plan for a better future for more than 35 years!

Roger S. Green is an Investment Advisor Representative, offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and broker/dealer, member FINRA/SIPC. His office is located at 3700 Crestwood Parkway, Ste. 140, Duluth, GA 30096. Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59½ or due to death, disability, or a first time home purchase (up to a $10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes. Before deciding whether to retain assets in a 401(k) or roll over to an IRA, an investor should consider various factors including, but not limited to, investment options, fees and expenses, services, withdrawal penalties, protection from creditors and legal judgments, required minimum distributions and possession of employer stock. Please view the Investor Alerts section of the FINRA website for additional information. For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera Advisors LLC nor any of its representatives may give legal or tax advice.

Financial Basics for Everyone

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With 35+ years of helping people with their money, I often am asked for suggestions in planning for a financial future. These are some basics:

- Start saving and in-vesting as early as possible with as much money as you can. Compounded growth over time is the strongest tool you have to retire comfortably. Pay yourself first and don't take money from these assets along the way.
- Invest money you do not plan to spend for at least five years in equity investments. Your goal should be achieving long term capital appreciation. Most investors should avoid individual company stocks entirely.
- Make full use of company sponsored retirement plans, such as 401(k)s. Invest as much as you can, as early as possible. Avoid company stock investments within your 401k and diversify amongst the funds available.
- As a general rule, you should always "buy low, sell high". Do not panic and sell out when the market is low. Wise investors add to their holdings when the markets are low. And when everyone is wanting to buy something is usually too late to jump on that bandwagon – you'll be buying high.
- Keep the money you will need in the next one to three years in readily accessible cash reserves such as a bank savings accounts or CD. You do not need the advice of a professional to manage these monies.
- Have a plan for the withdrawal of your assets (a "harvesting" plan) during retirement or times of need. Where and when you withdraw may make a major difference in how long your money lasts.
- DIVERSIFY your investments over multiple asset categories and within an asset category. I recommend everyone include at least one-third international investments in the mix. Invest in industries outside your work industry – in other words, if you work in real estate, invest in something outside of real estate.

Note: additional risks are associated with international investing, such as political and economic instability, currency fluctuation, and differences in accounting standards.

- Beware of the tax impacts on your investments. Seek a variety of tax-deductible, tax-deferred, and tax-free investments; such as Roth IRAs or Roth 401ks.
- Consider investments with insurance protection options for a portion of your IRA, if you need income or death benefit protection from market loss, but want to keep your assets in stock market investments for continued potential for growth.
- Keep your retirement plan and life in-surance policy beneficiaries current, and make sure you have a valid will in place.
- Maintain adequate life insurance, disability insurance, health insurance and long-term care insurance to protect your assets and your family. The best retirement plan can be devastated beyond repair without adequate coverage in these areas.
- Give to charity where possible, and enjoy the good feeling you get from helping others through your own hard work.

My last piece of advice would be to educate yourself and find a professional to help you with these major life decisions. Learn more in one of my retirement planning classes at Gwinnett Technical College. Call our office at 770.931.1414 or log on to www.rogersgreen.com for dates and additional information. If you need help now, call my office for a complimentary consultation.

Note: Investments in securities do not offer a fixed rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested.

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Inflation and Your Retirement

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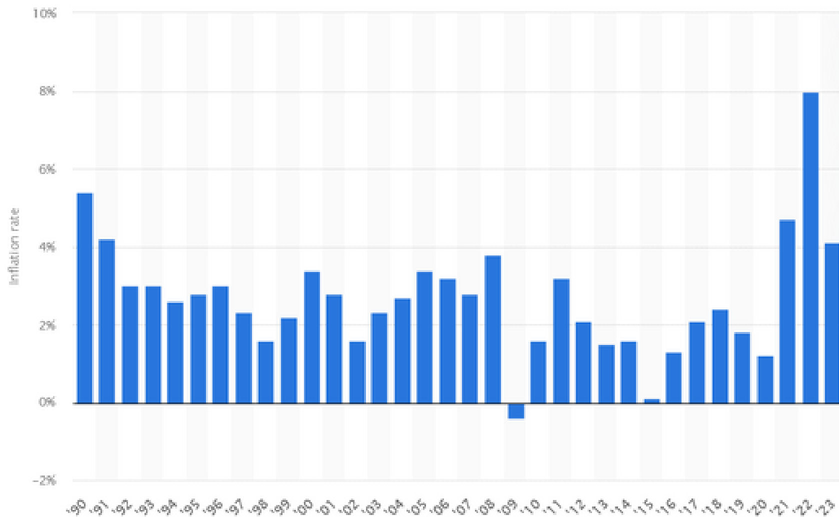
It's a high probability, and it's something frequently overlooked in retirement planning. Inflation can be defined as an overall upward price movement of goods and services in our economy as measured by the Consumer Price Index (CPI). When planning for how much money you will need for retirement, it is important to consider the impact of inflation on your assets and your goals.

Ongoing inflation takes away the buying power of your money, meaning you will need more money to live on in the future than you need currently. For the third year in a row, the percentage of Americans naming inflation or the high cost of living as the most important financial problem facing their family has reached a new high at 41% *(Gallup's annual Economy and Personal Finance poll, April 2024)*.

The CPI in the US reached 9.1% in June 2022, marking its highest level since November 1981.Although inflation did decrease in 2023, it is still above average and impacting us all. The chart below from stastista.com shows U.S. inflation trends from 1990 to 2023. As you can see, it's rare for there to be no inflation:



According to the CPI/Inflation calculator at data.bls.gov, it takes $166 in August 2024 to buy what $100 would have bought in August of 2004 – just 20 years ago. If you look back further to the span between August 1994 and August 2024, what you could buy for $100 in 1994 cost you a little over $211 in 2024 (30 years later). Looking back 50 years, what you purchased for $10,000 in 1974 would cost you almost $63,000 in 2024. Depending on your age, you may have purchased a home in your lifetime that cost less than the car you are currently driving.

Why is this important to your retirement planning? Many of us will live 20+ years in retirement. Some of us are years away from our planned retirement date. Inflation turns your retirement goals into moving targets. If want to be able to afford the things you need and want in retirement, often years in the future; inflation must be accounted for in your planning.

What must you always do to hit a moving target? You must lead the target to hit the target. There is a useful financial tool, called the "**Rule of 72**" that can be used to help you calculate how many years it will take for prices to double, based on the current inflation rates. To apply this rule, you divide 72 by the inflation rate. For example, 72 divided by 3% average inflation equals = 24. This means it would take 24 years for prices to double based on an average 3% inflation rate. If the average was 4%, then it would only take 18 years for this doubling to occur.

Applying the Rule of 72 to a 3% average inflation example to your retirement planning, you could say that if you are 24 years from an age 65 retirement (age 41), you would need double the annual income you calculate in today's terms for each year of your retirement. If you anticipate needing $25,000 a year in retirement based on today's figures, then you would need to double that figure. You would need to plan on having $50,000 per year in retirement at age 65.

It's important to remember that inflation continues throughout retirement. If you retire at age 65, your income needs will effectively double by age 89 if a 3% average annual inflation rate occurs. With today's earlier retirements and longer life spans, some may actually see a 2nd "doubling" in cost during their retirement period.

And that isn't all - healthcare accounts for about 13% of expenditures by those 65 and older, but only 6.5% for other age groups *(KFF analysis of the Bureau of Labor Statistics Consumer Expenditure Survey Interview and Expense Files, 2022)*. Milliman's recently released 2024 Retiree Health Cost Index projects that a healthy 65-year-old couple can expect to spend upwards of $395,000 on healthcare costs in retirement. That's 6.5% higher than in 2022.

Your retirement planning *must* take into consideration the impact of inflation. For most people, simply saving is not sufficient. Most need growth, earnings, and the power of compounding on their money, *even throughout retirement*, to help their assets grow enough to keep pace with inflation.

To schedule a complimentary consultation to help you plan to try to overcome the impact of growing inflation on your retirement assets, please visit www.rogersgreen.com or call our office at 770.931.1414.

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Growth versus Saving for Retirement

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Very few people could "save" enough for retirement with today's longer life expectancies and earlier retirements. If you just "save" – yet do not have growth that exceeds both income taxes and inflation, you are more likely to run out of money.

Let's look at a "perfect world" example. Assume you paid no taxes, saw no inflation, never encountered any setbacks such as unemployment or disabilities, and you made $60,000 each year, and every year for 30 years saved $6,000 (10% or $500 a month) faithfully. If you wanted to maintain the same standard of living (living on about $60,000 a year), how long before your retirement money runs out?

Assuming no growth on your "savings" of $6,000 a year for 30 years, you would have saved $180,000.00 at retirement. To retire on the $60,000 a year you think you need to live comfortably, let's assume you need to withdraw $25,000 from your savings to get to your $60,000, after estimating a $35,000 annual Social Security payment. For this example, your $180,000 would only last slightly over seven years of retirement if you withdrew $25,000 annually! If you retire at age 67, this would only carry you through age 74. *What will you do if you live beyond that age? How will your life change if at age 74 your monthly income dropped over 40%?*

Using the same set of "perfect world" example figures, it would take 125 years to save at that $6,000 annual savings rate, *without growth*, for a 30-year retirement to cover you until age 97 ($6,000 x 125 years = $750,000 saved and $750,000 divided by $25,000 needed annually = 30 years).

Many people actually expect to do things they have never really done once they retire; at least in their early retirement years. Many dream of traveling the world, having more time for visiting family out of state, taking up hobbies like golf or boating – things they perhaps didn't get to do while working full-time and raising a family. Healthcare needs and costs also tend to increase when you are older, potentially eating up a higher percentage of your income. **So, if you think you will be able to live on less in retirement; that may not be true.** You actually may want more money to live on, at least in your earlier retirement years. And your later years may require nursing home and other care that can be quite expensive. Having retirement assets helps to provide you with more choice about how you live your life.

One thing that can help you accrue enough assets to last during your retirement and potentially enrich your retirement is **GROWTH through investing. I consider growth to be by far the most important part of retirement planning for all but the extremely wealthy.** And I believe most people will need to continue achieving growth on investments even throughout their retirement to make their assets last and to give them a chance at the retirement quality of life they desire.

As you can see by the earlier example, needing a $1 million dollar portfolio is not unthinkable, ***and we haven't even covered the impact of inflation and taxes on the value of your money 10, 20, or 30 years from now.*** You may not, however, have to enter retirement with all that you need for your expected retirement period. You may be able to continue investing to try to grow the assets you are not needing to draw from for the next few years during your entire retirement period. **Since longer life spans now have many people spending 15-30 or more years in retirement, additional growth on your assets during this time will help your money last longer.**

The chart below puts the impact of growth in perspective, showing the monthly savings required at different percentage rates of return.

Yrs to $1 Million	@4%	@6%	@8%	@10%
15 years	$4064	$3439	$2890	$2412
20 years	$2727	$2164	$1698	$1316
25 years	$1945	$1443	$1052	$754
30 years	$1441	$995	$671	$442
35 years	$1094	$702	$436	$263

These examples are for illustrative purposes only, and the rates of return are hypothetical and do not represent the returns of any particular investment, however, you can see the impact of achieving growth on your investments, as well as the benefits of starting as early as possible.

There are investments available that have historically provided rates of return shown in the chart; and that can help you pursue your retirement goals. Very few investments of any type are guaranteed and past results are no guarantee of future earnings. A financial professional can help you determine the mix of investments that may help you increase the odds of achieving your financial goals through growth.

I also have a **"retirement harvesting plan"** to help you try to achieve such growth before and during retirement. It is a plan to invest and withdraw your money strategically during retirement to allow you to continue investing for the potential growth most will need.

Do yourself a favor - to increase your knowledge of growth, compounding, investing, the taxes and inflation that eat away at your retirement assets, and my retirement harvesting plan - register for one of my upcoming retirement planning classes at Gwinnett Technical College. Visit www.rogersgreen.com for more information on upcoming dates/times.

If you don't have time to attend class, call us at 770.931.1414 or visit www.rogersgreen.com to schedule a free consultation to review your retirement planning situation for potential growth opportunities. I've been teaching retirement planning classes for over 25 years and have been helping people with their money for over 35 years, so no matter what your situation, we are here to help!

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A Harvesting Plan for Retirement Assets

Retirement planning does not end at retirement. The need to continue to grow assets to produce more cash flow remains important for most. With people now living 10-40 years in retirement, many will have trouble making their assets last throughout retirement, especially with the impact of inflation and taxation that decrease the value of your money over time.

For more than 35 years I have helped thousands of people with their money through the good times and the challenging, and I understand what it takes to plan successfully for retirement. **The following is an overview of my harvesting plan for retirement assets.** This plan divides savings and investment money into three parts.

To start, determine how much money you will need annually from your savings and investments to augment your Social Security and other income sources. Once you determine that annual figure, determine how much money is needed:

- **1-2 years out**
- **3-5 years out**
- **5+ years out**

Whatever you need to supplement your Social Security and other income sources during approximately **your next two years of retirement, at any given time, should be kept in cash reserves or conservative, readily accessible investments;** such as savings accounts, Treasuries, and other types of liquid low-volatility investments.

When using this strategy, the next three to five years of money you may need from your assets should be kept in fixed-income or moderate volatility investments. These include things like bonds; and other more conservative or moderate volatility liquid investments. With fixed-income assets, remember to stagger maturity dates to allow for your investment duration to equal the year of your potential need to withdraw; and to diversify your holdings within this category. For example, don't buy a 10-year bond that you anticipate needing to spend in the next 3-5 years.

For growth in your assets, history says investments in equities/stock investments are one of your best bets*. **For your money not needed for five years or more, this strategy uses a well-diversified portfolio of primarily equity/stock market investments and possibly 10% in real estate investments, to try to achieve growth. The goal is to help try to stretch your assets for today's longer life spans. *This is where you really need the help of a professional,*** as this is your longer-term investment money with which you will take on significant risk and potential volatility to try to grow your money for your longer-term harvest.

Your goal is to harvest (withdraw) from a well-diversified portfolio of assets only when they are up in value. The shorter-term liquid assets are used as a buffer during times of market volatility; when the time isn't right to sell your equities because they are down in value.

Following this strategy, each year of "need from assets" money should be taken from the part of your portfolio that did the best compared to its history. This allows you to "harvest" for any given year from any investment, depending on which portion of your portfolio is doing best at the time of need – so you can harvest where there is bounty.

Because of the potential significantly large fluctuations of the stock markets, I believe it is prudent for some investors to only have your longer-term dollars invested in equities and real estate, and that you need to have a "bear market emergency reserve" to buy yourself out of periods of market downturn.

Finally, to keep this plan rolling forward, once each year, "fill up" spent cash reserves from your investments and other assets to maintain accessible cash for living expenses. In the event of multiple down-market years, you would draw that year's harvest from your cash reserves or fixed-income assets. This reduces the chance of you having to sell when the market is "low". Remember, with investments you always want to try to "buy low, sell high".

Obviously, this is a very simplified overview of my plan for asset harvesting. If you would like to learn more, or simply get a 2nd opinion on your retirement plan, please contact our office at 770.931.1414 or visit our website at www.rogersgreen.com for info about contacting us to schedule a no-cost, no-obligation in-office or Zoom consultation. Please see our What We Do page for a video summarizing the Harvesting Plan.

**Note: Past performance does not guarantee future success, and no system or financial planning strategy can guarantee future results. All investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful. A diversified portfolio does not assume a profit or protect against loss in a declining market. The return and principal value of bonds fluctuate with changes in market conditions. If bonds are not held to maturity, they may be worth less than their original value. U.S Government Securities are backed by the full faith and credit of the US Govt as to the timely payment of principal and interest. The principal value will fluctuate with changes in market conditions. If they are not held to maturity, they may be worth less than their original value. Please note, this is just one possible strategy for harvesting retirement assets. You should speak to a professional before making any decisions.*

Roger S. Green is an Investment Advisor Representative, offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and broker/dealer, member FINRA/SIPC. His Green Financial Resources, LLC office is located at 3700 Crestwood Parkway Duluth, GA 30096. Green Financial and Cetera Advisors are not affiliated.

Senior Fraud - Prevention and Action

Scams to exploit money and information from consumers age 60+ have skyrocketed since the pandemic. Since March 2020, the rate of elder financial exploitation (EFE) has more than doubled, and even more go unreported *(AARP BankSafe ™ report, 2022)*.

Previously, 1 in 5 older Americans were victims of financial exploitation each year, according to a 2016 report by the AARP Public Policy Institute. Victims lost $3 billion annually, or more than $120,000 each *(AARP, 2018)* **and this number increased to $5.8 billion in 2021** *(FTC.gov, 2022)*. Those at highest risk are physically disabled, living alone, and isolated from family. Victims are not always disabled or in a state of diminished capacity – more than 1 out of 18 cognitively intact older adults are victims of financial scams, fraud, or abuse *(NCBI Meta-Analysis, 2017)*.

Many fall victim because scams are more emotional-based than intellect-based. Humans can be bad at realizing how much our emotions impact our behavior. Scammers know how to play to emotions which is why smart people get defrauded all the time. The con artist will look for ways to move you into an emotional reaction by asking a series of personal questions. Once they find something that bothers you, they'll get you to focus on it until you're in a heightened emotional state.

According to Money Saver magazine, some tactics used to appeal to emotions include:

- ***Phantom riches*** *– Offering you something you want but can't have. According to the Financial Industry Regularity Authority (FINRA) this is one of the most common tactics. It can be in the form of a sweepstakes win, an investment with a huge return, or even dating websites to prompt an impulsive, emotional decision.*
- ***Fear*** - S*cammers use threats of IRS audits, jail time, computer meltdowns, or a grandchild in trouble. Any of these can spark an instant emotion-driven misjudgment.*
- ***Intimidation*** - *Calling you 50-60 times a day, claiming to know where you live, and threatening bodily harm are all tactics sometimes used.*
- ***Scarcity*** - *The notion that something is rare means it must be valuable. They'll say the product is limited, and the offer expires soon.*
- ***Source credibility*** - *Defrauders will do everything they can to convince you they are the FBI, police, IRS, or from your bank or financial institution to get personal information from you.*
- ***Commitment*** - *Most people innately want to keep their promises, so scammers will try to get you to make a commitment. Later, if you resist, they'll accuse you of going back on your word.*
- ***Reciprocity*** *– Scammers use the idea that if I do something for you, you will do something in return. Scammers grant their victims small favors, like free shipping, and ask for a bigger one in return* *(Shadel, 2020)*.

Never make a financial decision immediately. Always wait 24-48 hours. Be wary of engaging any stranger in a dialogue about your personal life.

What kind of scams are common? Medicare and other health insurance scams where the perpetrator poses as an insurance representative seeking to collect personal information or send fraudulent bills are common; as are reverse mortgage scams. **Covid scams alone have robbed older adults of an estimated $100 million in just 2020** *(AARP BankSafe ™ report, 2022)*. Be careful with payment apps like Venmo and Zelle. Smishing (phishing via text) attempts increased 58% in the US in 2021 *(AARP, 2022)*. Funeral scams may involve someone going through obituaries to contact surviving family members and claiming the deceased has outstanding debts. Phone scammers post as someone selling something, or as someone with a romantic interest, or even as a grandchild. With COVID-19, new ways of exploitation have arisen, including email scams purporting to contain helpful information from the CDC and other medical sources, and phishing emails/smishing texts that ask recipients to provide their personal information in order to supposedly receive an economic stimulus check. And there are countless others.

I have an elderly relative, what can I do to protect them?- Watch out for "odd" behaviors, such as forgetting a major purchase, unexplained decisions not in their best interest, suspicious personal contact with a new "friend" or absentee relative, or reluctance to talk about their financial activity. Signs of dementia or other cognitive problems include memory loss, challenges in planning or solving problems, personality changes, and having a hard time completing familiar tasks. Advice from a healthcare professional may be necessary. Help make sure they stay on top of their accounts and that financial obligations are being met, especially when dealing with medical issues or memory loss. Consider a credit freeze to restrict access to their credit report, and check or have them check their report regularly.

What do I do if I suspect something is wrong? - If you suspect financial exploitation, we encourage you to seek help immediately. Evidence is not necessary – just reasonable suspicion. You can contact Adult Protective Services (APS), local law enforcement, or their financial institution. Don't allow fear of getting involved stop you from helping to save someone's lifetime accumulated assets and their means of support from being stolen from them.

How can my financial advisor help? - Financial advisors have a vantage point that others don't and are able to spot signs of exploitation that might otherwise go undetected. These might include being able to see suspicious transactions, a change to their long-established pattern of investing, sudden change in their Power of Attorney (POA), being unable to access their own funds, and large and unexplained withdrawals. There are laws within the financial industry to guide advisors as they see these issues arise. **Please take their feedback seriously. I have personally seen some of my clients victimized by the very scams described in this article.**

It is helpful for investment account owners to designate a trusted contact. We should all designate a Financial Power of Attorney (POA) early on to help ensure we trust who handles our affairs, well before any issue with incapacity or mental decline begin. **Forms to draft your own Georgia Financial Power of Attorney are available at www.RogerSGreen.com under our Helpful Web Links tab.** Make sure to provide your financial advisor and trusted family members with copies of these important documents. **Plan for these possibilities with your loved ones under the guidance of a financial advisor and an estate planning attorney.**

Some additional resources:

- https://www.aarp.org/money/scams-fraud/
- https://www.justice.gov/file/1268086/download
- https://www.irs.gov/newsroom/taxpayer-guide-to-identity-theft

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Investment Year-End Tax Planning

As we end one year and begin another, there are things you need to think about doing to maximize your retirement assets, gain any available tax benefit, and/or avoid any tax penalty that may be linked to your investments. Here are some things you should consider:

IRA (Individual Retirement Account): Make sure you have maximized your IRA contributions to take advantage of the tax benefits they offer. Contributions for 2024 may be made through Tuesday, April 15, 2025, and contributions for 2025 may be made as early as January 1, 2025. Note: Filing an extension on your tax return does not extend the deadline for making your IRA contributions.

The 2024 and 2025 maximums are $7,000 for IRA contributions for those under age 50 ($8,000 for those 50 or older). Make sure your contribution amount takes into consideration any prior contributions you have made for the tax year 2024, so you do not exceed this maximum.

Previously, traditional IRA contributions were not permitted after RMD age. However, the SECURE Act repealed the age restriction, and now anyone with earned income can make Traditional IRA and Roth contributions at any age.

If you are eligible for an employer-sponsored retirement plan, such as a 401(k), your income may determine how much you can deduct for your IRA contribution. For 2024, these income limitations begin at $77,000 for singles/$123,000 for married filing jointly, increasing to $79,000/$126,000 in 2025. You lose the ability to deduct any portion of your IRA contribution once you reach $87,000 single/$143,000 joint in 2024 and $89,000 single and $146,000/joint in 2025. An IRA calculator to help you determine if you qualify is available under the Resources tab at RogerSGreen.com.

The rules can be complex, and they change, so it is wise to contact a financial or tax professional to discuss your specific situation. We rarely recommend traditional IRA contributions if they are not fully deductible, or cannot wisely be converted to a Roth IRA.

Roth IRAs: Although there are no *immediate* tax benefits, for those who are eligible, a Roth IRA might be the way to go because it provides tax-free withdrawal of contributions later. RMDs are not required, so you can leave amounts in your Roth IRA as long as you live. Your earned income does impact your eligibility to contribute to a Roth.

Spousal Roth/IRAs: Many are not aware of this provision allowing a non-working spouse to contribute to a Roth IRA, *based on the income of the working spouse.* If you meet the eligibility requirements, you can open a Roth IRA in your name and have your working spouse contribute to it from income/assets. The Roth IRA allows you to make withdrawals during retirement that are not subject to income taxes (if you are over age 59 ½ and after a five- year holding period), increasing the portion of your money you may have to live on in retirement. There are more restrictive guidelines for making the same type of Spousal contribution into a traditional IRA account, where contributions would reduce your taxable income for the tax year; and withdrawals would then be taxable as income in retirement.

Irrevocable Roth conversions: IRS guidelines allow for the irrevocable conversion of existing assets from a traditional IRA to a Roth IRA regardless of your Adjusted Gross Income. A Roth conversion can lower your future tax bill; if you anticipate higher future tax rates. Keep in mind, however, that converting normally results in a taxable event. The decision to convert can be complex, and you must consider many factors such as assumed future tax brackets, other assets available for retirement, and whether you have the assets to pay for the conversion income taxes. The decision to convert assets to a Roth is irrevocable and cannot be undone.

Roth re-characterization no longer available: If you convert an IRA to a Roth IRA, and later change your mind, you can no longer undo or "re-characterize" that Roth conversion. The ability to do so ended in 2018.

401(k)/403(b), most 457 Plans, and Solo K contributions: The maximum contribution is $23,000 in both 2024 and 2025. For those age 50 or older, an additional $7,500 catch-up contribution is permitted for 2024 and 2025. **NEW for 2025: If you turn 60-63 during calendar year 2025, the IRS has announced a "Super Catch-up" contribution limit of $11,250 will be permitted. This is in addition to the standard $23,500 annual contribution limit, but it includes the $7,500 catch-up limit for those over 50.** Maximize your contributions, as this is how many people get started on investing for their future.

If your company matches employee contributions into your 401(k), make sure you are contributing *at minimum an amount that earns you the full employer match.* Failure to do so equates to refusing free money from your employer. Your 401(k) contributions, unlike IRA contributions, must be made by December 31st each year. There is a provision limiting the matching money paid by employers into the 401k for those earning higher incomes. For 2024 that income limit is $345,000, and it is going up to $350,000 for 2025.

SEP IRAs: For the self-employed, the amount they can save in a SEP IRA was $69,000 in 2024 and is increasing to $70,000 for 2025. There are income restrictions of $345,000 for 2024 and $350,000 for 2025 on these plans as well.

Required Minimum Distributions (RMDs): Beginning in 2023, the SECURE 2.0 Act raised the age that you must begin taking RMDs to age 73. When you reach the age of 73 you must take a Required Minimum Distribution (RMD) from impacted retirement accounts (traditional IRAs and 401k type plans) each calendar year. If you reached age 72 in 2023, the required beginning date for your first RMD is April 1, 2025. **Failure to take an RMD results in a 25% IRS excise penalty (reduced from 50% by the SECURE 2.0 Act in 2023) on the amount of the distribution.**

Annual Gift Tax Exclusion: The tax code allows you to gift cash or property, up to $18,000 in 2024 and up to $19,000 in 2025, without a gift tax return or a gift tax. This exclusion can be used to help you bless others without a tax penalty. I've seen the joy my clients have received from helping a family member pay for a special trip, buy their first home, do home renovations, fund an adult child's Spousal Roth IRA, or just helping them meet their living expenses during a difficult time. Gifting limits *do not* pertain to gifts to your spouse, which are unlimited.

Gifting for Education and Medical Expenses: Unlimited gifts in the form of tuition and other qualified educational and medical expenses are permitted; *if you pay the care provider or learning institution directly.*

Because of the eligibility requirements and variables impacting many of these decisions, the input of a financial advisor and a tax professional is recommended. **To inquire about your individual situation, or about setting up an individual IRA or a 401k for your small business, please contact us at 770.931.1414 or visit our website at RogerSGreen.com for information about how to schedule a no-cost consultation.**

This information is not intended to be tax or legal advice, and it may not be relied upon to avoid any federal or state tax penalties. Roger S. Green is an Investment Advisor Representative offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and Broker/Dealer, member FINRA, SIPC. Cetera is under separate ownership than any named entity. Since 1997, Roger's office has been located at 3700 Crestwood Parkway. Duluth, GA 30096.

Protect Your Income

Have you considered how you would support yourself if you became unable to work? If married with a stay-at-home spouse and children, how would you support them if you become incapacitated and unable to work? Just over 1 in 4 of today's 20-year-olds will become disabled before they retire (disabilitycanhappen.org, Chances of Disability, 2023), and 27% - or about 1 in 4 American adults - have a disability (CDC, May 2023). *The majority of wage earners believe they have a 2% or less chance of being disabled for 3 months or more during their working career, but the actual odds for a worker entering the workforce today are about 25% (Council for Disability Awareness, Disability Statistics, 2013). According to a 2019 CNBC article, 66.5% of bankruptcies are caused by medical expenses, making it the leading cause for bankruptcy* and we have yet to see the impact the pandemic has had on this statistic. **None of us know what challenges life will bring and that is why you should consider disability insurance protection.**

Many assume they would qualify for Social Security Disability benefits – or haven't actually given this issue any thought at all. *According to Social Security Administration's 2022 Factsheet, the average monthly benefit paid by Social Security Disability Insurance (SSDI) in 2022 was only $1,358.30 per month.* Can your family live on $16,229.60 per year – or possibly less? And of the estimated 54 million adults with a disability of some sort, only about 9 million disabled wage earners have qualified for SSDI benefits *(SSA.gov, Faces and Facts of Disability)*, so even if you could live on that income level, will you even qualify for benefits and how long might it take to become qualified?

According to the Integrated Benefits Institute's 2020 report, the following were the leading causes of new disability claims in 2019:

- Musculoskeletal/connective tissue disorders (27.6%)
- Cancer (15%)
- Injury, poisoning (12%)
- Mental Health Issues (9.3%)
- Cardiovascular/circulatory disorders (8.2%)
- Pregnancy/childbirth (6.8%)
- Nervous system (6.4%)

You have probably insured your home, cars, and other property against damage and theft, but have you protected your most valuable asset – your ability to work and earn an income? How many months would you be able to continue paying your mortgage and other living expenses if you lost your ability to earn an income?

Fortunately, disability insurance is available and it is coverage most working Americans should consider. Your employer may offer group disability coverage, available without medical underwriting, and that can also be the most cost-effective way to obtain coverage. If you opted out previously, now may be the time to reconsider. A financial professional can work with you to evaluate the coverage offered by your employer to help you select the levels of coverage you need.

If group coverage is not available, there are vendors who offer individual, non-cancelable, guaranteed renewable Disability Income (DI) insurance policies that might be appropriate for you.

There are two basic categories of disability policies available – short-term policies, and long-term policies. Short-term disability policies usually cover a percentage of your income, and pay you starting after 7 or 14 days of being out of work, up to usually 3-6 months. Long-term disability coverage generally provides benefits beginning 3-6 months after disability begins and continues to pay until you go back to work, turn age 65, or for the number of years stated in the policy.

Generally, disability benefits provide 50-60% income replacement, depending on the policy. Nearly all provide that the benefits will be offset, or reduced by, the amount of any Social Security, Worker's Compensation, or similar benefit you may be receiving. Disability insurance is not designed to replace 100% of your lost earnings, even in conjunction with other benefits you may be entitled to receive. Generally, they limit your total income to around 60% of your pre-disability income to avoid providing a disincentive to returning to work.

Disability policies have basically three different definitions of disability, and this is very important, as this definition determines if you qualify for payment in the event of a disability. These three definitions are:

1. **Any occupation** – covers you if you can't do the duties of any occupation, similar to Social Security. It is the least protective of all disability definitions.
2. **Modified own occupation** – This policy will generally pay you if you can't do the duties of your own occupation, and you're not performing some other occupation. In this policy, the insurance company leaves it up to you as to whether or not you work again. If you do, they will reduce what they pay you based on your new income. Some policies include a modified own occupation for a limited period of time (most commonly two years), followed by the any-occupation definition thereafter.
3. **Own occupation** – This is the best definition of disability available. It states that you will be considered disabled if you cannot perform the material and substantial duties of your current occupation. In effect, you're buying a policy to pay you if you can't do your specific job, even if you chose to go back to work in another job, although your payments will usually be reduced by your other earnings.

If you need an individual policy, **look for policies with a cost-of-living adjustment (COLA) rider** that will increase your monthly disability benefit, once you're disabled and receiving benefits to keep pace with inflation.

Also, assess the need for a future increase option, which is a rider that provides you with the ability to purchase additional coverage in the future with no further medical underwriting. This rider provides you with the ability to periodically increase your benefit level to correspond to increases in your earnings as you progress in your career.

If you own a small business, you may need to consider overhead expense and disability buy-out coverage to protect your business and your income stream from that business. Overhead expense insurance covers things like rent, utilities, and other fixed expenses of running a business; and is generally designed for businesses that rely on a small number of people (or one person) to produce the income that keeps the business running. Disability buy-out insurance is designed to provide the funds needed to purchase a disabled owner or partner's interest in a business if they become disabled

When you apply for most disability policies, your medical history and usually some sort of examination are required. Many people wait until health issues develop before they consider adding this coverage, but then they may be denied coverage. You owe it to yourself to protect your income, your home, and most of all, your family. Don't let an unexpected situation ruin your financial security. Even the best retirement planning can be completely derailed if you don't plan for the potential of disability.

To plan for coverage to protect your financial independence, call my office at 770.931.1414 or visit www.RogerSGreen.com - or contact another financial professional – but act today.

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Credit Score: Why Does it Matter?

Many people don't realize the importance of building and maintaining a good credit score to their overall financial well-being. Before you make any buying decisions involving credit, think about your overall financial situation and the long-term impact of living "outside your means". The cost of bad credit may be more than you realize.

What is a credit score? It is a number that signifies how likely you are to pay your bills or to meet the promise to pay that you give when you take out credit. There are different methods of calculation. Although the credit reporting companies use the same information, certain factors in an individual's credit report are weighted differently, giving you slightly different scores across the different credit reporting entities.

Why should you care what your credit score is? Credit scores are used to indicate to creditors how likely you are to honor your debts. **Credit scores are a key factor in determining both your eligibility for credit and the interest rates you will pay on mortgages, car loans, and credit cards, as well as your car insurance rates, etc.** And according to the Privacy Rights Clearinghouse, prospective employers may use credit reports to judge a person's responsibility level (eHow/creditscores-2013).

Credit scores range from 300 to 850. The higher credit score is the best. **It can lead to easier access to credit when you need it, as well as the lowest interest rates. This is because the higher credit scores lead the creditors to believe you are more likely to pay them back, and therefore less risky and entitled to a lower rate.**

Thinking about buying a home? This is where you may feel the biggest impact from your credit score. **The difference in the interest rates offered to a person in Georgia with a score of 620-639 (7.9% APR-annual percentage rate) and a person with a 760-850 score (6.279% APR) is 1.621 percentage points, according to Fair Isaac's Web site (myfico.com).** For example, on a $250,000, 30-year mortgage, that difference would cost more than $98,281 extra in interest charges over 30 years (myfico.com Loan Savings Calculator 2023)! The difference in the monthly payment alone would be about $273. When you move up to a $500,000.00, 30-year fixed mortgage, the difference would cost $196,562 and the monthly payment alone would be about $546.00 more (myfico.com Loan Savings Calculator 2023). And at certain credit levels, you may not even qualify for a home loan at all.

From a financial planning and investment perspective, the less money you are paying on your mortgage, car payment, insurance, and credit cards--the more money you should have left to save and invest for your future. This puts those with good credit scores ahead in both the short and long-term.

The way your credit score is calculated changed in 2020 under new FICO 10 and 10 T scoring*. The following are some areas that will be changing:

***Trended Data** Rather than focusing largely on the most recent months, scoring now looks back over the previous 24 months, to see whether you are reducing, maintaining, or increasing your credit balances over time. This makes it especially important to pay your bills on time and keep credit balances at reasonable levels.

***Delinquencies** A late payment will now impact you more with a bigger drop in your score than under previous FICO scoring models. Set up auto-pay to ensure at least minimum payments are made timely. Make additional payments during the month, and pay off your debt as soon as possible to lower what you spend on interest charges that increase the price of everything you buy.

***Credit Utilization** 'Credit Utilization' is the amount of your balances compared with your credit limit, and it will affect you more. Lower utilization by avoiding balances exceeding about 30% of your available credit – per card and overall. If you leave your rarely used credit cards open without using them, your score will benefit by lowering the overall credit being used.

***Personal Loans** Your score may be lowered by simply having personal or "signature loans" on your report. These are unsecured installment loans usually used to consolidate debt, with the loan money used to pay off other smaller debt balances. Debt consolidation can damage your score if you add new credit balances while still paying off the consolidated loan, or fail to apply these to lower other debt. We advise you to focus on paying down the existing debt.

Be aware of your credit score, but know what information is on your credit report, which displays the information used to calculate your score. Checking your credit report at least once a year (I recommend three times) can help prevent identity fraud by allowing you to see if someone has opened credit in your name. It also gives you a chance to identify and correct errors.

If you share a name with another family member, such as a son sharing a name with your father, you may be surprised to see errors in reporting on your record. You may also see credit that you paid off or closed still showing as active on your credit report. Typically, negative items impact a higher credit score more than a lower one. You need to challenge any inaccuracies in writing. Federal law requires negative items drop off credit reports in 7 years, but bankruptcy is an exception, remaining for 10 years.

Three major credit bureaus provide score and credit record info: Equifax, Experian, and TransUnion. The **website I recommend most is recommended by consumer advocate Clark Howard: www.annualcreditreport.com. This site allows you to request a free credit report once every 12 months from each of the three major consumer credit reporting companies listed above, giving you three free reports that you can space out through the year for monitoring purposes.**

The important message to remember is you do have control over your score through your financial decisions and how you honor your debt. Your credit score may impact your financial health, your ability to get a job, and your ability to get the things you want in life.

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*John Ulzheimer, "What You Need to Know About the New FICO 10 Scores." Experian.com. January 2020.

Financial Words of Wisdom from the Bible

As a celebration of the blessings God has given me in my lifetime, I would like to share some of my favorite words of financial wisdom from the Bible:

WORK – Whatever you do, do your work heartily, as for the Lord rather than for men. (Colossians 3:23)

EFFORT – Lazy hands make for poverty, but diligent hands bring wealth (Proverbs 10:4)

TITHE – "Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this," says the Lord Almighty, "and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room for it." (Malachi 3:10)

PRUDENCE – In the house of the wise are stores of choice food and oil, but a foolish man devours all he has. (Proverbs 21:20)

GIVE – But this I say: He who sows sparingly will also reap sparingly, and he who sows bountifully will also reap bountifully. So let each one give as he purposes in his heart, not grudgingly or of necessity; for God loves a cheerful giver. (2 Corinthians 9:7)

PLAN – For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it lest, after he has laid the foundation, and is not able to finish, all who see it begin to mock him, saying, "This man began to build and was not able to finish?" (Luke 14:28-30)

COUNSEL – Where there is no counsel, the people fall; but in the multitude of counselors there is safety. (Proverbs 11:14)

EDUCATION – Choose my instruction rather than silver, and knowledge rather than pure gold. For wisdom is far more valuable than rubies. Nothing you desire can compare with it. (Proverbs 8:10-11)

KNOW – Be diligent to know the state of your flocks. (Proverbs 27:23)

PROVIDE – But if anyone does not provide for his own, and especially for those of his household, he has denied the faith and is worse than an unbeliever. (Luke 5:8)

GROWTH – So he who had received five talents came and brought five other talents; saying, "Lord you delivered to me five talents; look I have gained five more talents besides them." His lord said to him, "Well done, good and faithful
servant; you were faithful over a few things, I will make you ruler over many things. Enter into the joy of your lord. (Matthew 25:20-21)

INVEST – He who observes the wind will not sow, and he who regards the clouds will not reap.(Ecclesiastes 11:4)

DIVERSIFY – Divide your portion to seven, or even to eight, for you do not know what misfortune may occur on the earth. (Ecclesiastes 11:2)

SAVE – Let Pharaoh take action to appoint overseers in charge of the land, and let him exact a fifth of the produce of the land of Egypt in the seven years of abundance. Then let them gather all of food of these good years that are coming….as a reserve for the land for the seven years of famine which will occur in the land of Egypt, so that the land will not perish during the famine. (Genesis 41:34-45)

HONESTY – Better to have little, with godliness, than to be rich and dishonest. (Proverbs 16:8)

DEBT – It is better that you should not vow than that you should vow and not pay. (Ecclesiastes 5:5)

LEGACY – A good man leaves an inheritance to his children's children. (Proverbs 13:22)

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How Can I Afford College?

High school seniors, and their parents, are making decisions about which colleges they will consider. Before that decision is made, you need to figure out the estimated cost and how you will pay for those college expenses. According to new figures released by the College Board for the 2023-2024 school year, **the total cost of tuition/room & board nationally averages from $28840 annually for 4-year public college in-state, to $46730 for those same public colleges as an out-of-state student, to a whopping $60420 annually (over $241,680 for 4 years!) for 4-year private colleges.** Many things can be done to make college more affordable. **Here are a few:**

First, if you are still in school, good grades are very important. Good grades and good study habits will allow you to take AP (Advanced Placement) classes while still in high school. AP classes earn college credit– at a much lower cost than you may pay for the same class at college.

Some high schools offer **joint enrollment**, where you take classes for credit at a local college, while still enrolled in high school. Although you will be paying college tuition, you will still be living at home and getting some of your college courses out of the way before you even go off to college. Some complete a full college semester or more before they graduate high school.

Good grades will also give you more choices in schools you can attend and more scholarship options. Good grades are the only way to qualify for the **HOPE Scholarship**, which is probably one of the best ways to make attending a Georgia college more affordable. Before you look at out-of-state colleges, consider in-state colleges for reduced tuition. HOPE can cover most, if not all, of your tuition expense here in Georgia.

Try to identify what you really want to do as early as possible. So many waste money and time changing majors, or worse, they drop out of school due to a lack of focus and direction. Some choose careers where the job opportunities are limited, and end up under-employed or working outside of their chosen field. Use your high school years to explore options and evaluate what you want to do. High school counselors should have skills assessment tests and other tools to help you identify the jobs best suited to you. They can also help identify the jobs that have the best hiring prospects and expected salaries. There are also many resources online. Choose wisely. Most of us spend upward of forty years in our chosen career – make it one you will enjoy and find rewarding, as well as one where there is true opportunity.

Consider attending a nearby community or public college for the core classes you will be required to take when you start. Although availability is declining for this option, tuition at community and local public colleges is generally much more affordable, and you can live at home and save on living expenses. If you didn't qualify for admission to the college you wanted to attend, earning a two-year degree at a local college will generally increase the odds of acceptance as a transfer student at most four-year colleges. Also, consider technical colleges as affordable alternatives for more focused training. Any amount of college or technical education may help increase your income and employment odds in today's employment market.

You may need to work. If you are still in school, consider working as a way to save money for college. Good savings and good work habits will pay off for you in the long run in many other areas of your life. **Perhaps you also need to consider working *while* attending school.** Many larger employers have programs to help their employees achieve their educational goals by providing tuition reimbursement programs. **Beyond that, you gain knowledge and skills while juggling school and work, making you more valuable to potential employers and probably more ready to join the workforce.**

Military service may be an option. The Armed Forces tuition assistance program provides incentives for those serving in the armed forces to pursue their education. Both enlisted military and officers can receive up to $4,500 annually for tuition and fees. Eligibility, service requirements, and restrictions differ among the various military branches. Many have financed their education while learning valuable skills and serving this great country.

Financial aid, grant money, scholarships of all different types, and student loans are often available. Your high school counselor or the financial aid office of the college you plan to attend can assist in identifying your options. Student loans are generally provided at fairly low interest rates with lengthy terms for repayment, making them inviting as an easy way to pay for school expenses, perhaps at a college you really can't afford.

A word of CAUTION on student loan debt: When taking on student loan debt, think about how this debt will take away from your earnings for many years of your future. Explore the federal loan or grant money available, before taking on any private loans. If you must take out a loan, keep that debt to no more than what you expect to earn in the first year in your chosen field. The exception to this might be pursuing a profession requiring extra years of education with strong odds of earning a high future income; such as a doctor or dentist. Even though there has been some unexpected forgiveness of federal loans, it is not something you can count on. Do you want to have watch chunks of your income year after year going toward repaying the money you used for a few short years of college? If you take out loans, use this money wisely, so you don't regret it later.

A CAUTION for parents about co-signing for student loans: In a 2017 survey, LendEDU, an online marketplace for student loans and refinancing, found that nearly 57% of parents said their credit score had been negatively affected by co-signing on a student loan. 58% said their children had asked them for help making payments. 34% of parents responded that co-signing has hurt their ability to qualify for their own mortgages, auto loans, and other types of financing.

If you are a parent wanting to review funding for your child's educational future, or if you are considering drawing from your own assets, please contact our office at 770.931.1414 to schedule a no-cost, no-obligation telephone/Zoom appointment to your financial situation. We are here to help! Visit www.RogerSGreen.com for more info.

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Financial Words of Wisdom for Graduates

Your Green® with
Roger Green, MSFS, CFP©

Time is money - literally. For a recent graduate, time might also seem like an abundant resource, with many thinking they have plenty of time to save for their future - later. Here are some financial tips to help those starting out in their independent adult lives whether graduating from high school or college:

Set goals for yourself. Financial goals help keep you focused and help you decide where you really want to go.

Create an emergency fund. Be prepared for the unexpected financial challenge. Before you begin investing, set aside at least 3 months living expenses (including car payments, bills, entertainment, etc.) to protect you should you lose your job or suffer some unexpected health issue that affects your ability to work.

Set up an automatic payroll deposit into an investment or savings account. Get used to living on a percentage of what you actually take home – and put the rest into an investment account or a savings account. This works in your favor because it removes the temptation to spend the money and helps you develop good saving habits. This is what they mean when you hear "pay yourself first".

Protect yourself from risk. It is critical to make sure you have at least catastrophic medical insurance coverage no matter how healthy you believe you are. Review your situation to determine what other areas could be financially devastating without insurance protection and seek coverage.

Use credit wisely. The credit record you establish now will either help you or haunt you for years. Bad credit will cost you tremendously over time by forcing you to pay higher interest for loans and credit cards; potentially disqualifying you from buying a home, and by preventing you from obtaining funding should you decide to go into business for yourself. If you have student loans, make sure you are making payments on them as required. Make more than the minimum payment on your credit cards, or pay them off in full monthly. Pull your credit report for review at least annually.

Live within your means. Don't spend money you don't have, and learn to separate your true needs from your wants and desires. Put your attention toward meeting your needs and responsibilities first.

Carefully weigh the decision to use student loans. If starting college and considering using student loans to attend a more expensive college than you can afford, carefully consider the long-term impact of that debt on your adult lifestyle. Think about what you could be doing in your future with the money you will be paying for years on your student loans. Is it really worth having to pay chunks of your income toward student loans every month for many years after you graduate? How will that impact your ability to live the adult life you imagine for yourself? Would it be wise to find ways to lower your over- all college expenses to lessen the impact of loans on your future? One solution could be to consider a community college or instate school for at least your first two years of college. There are many ways to lessen your college expenses, starting with maintaining good grades in high school.

We caution parents about co-signing for student loans. LendEDU, an online marketplace for student loans and refinancing, conducted a survey and found that nearly 57% of parents said their credit score has been negatively affected by co-signing for a student loan, and 58% said their children have asked them for help making payments. The survey said that 34% of parents responded that co-signing has hurt their ability to qualify for their own mortgages, auto loans, and other types of financing.

Max out your company's 401K. Participate in any 401k or similar retirement plan your employer offers. If they match your contributions, put in enough to get the full amount they will match, as this is free money! If your employer doesn't offer a 401(k), ask them why. We can help a small business establish a plan for their employees. If you are in a 401(k) plan, make sure you have selected diversified funds within the account – don't put all your eggs in one basket, especially the employer stock basket. For most people, this is the best way to start investing for your future.

If you are ready to settle down, and have a stable income or expect continued income growth, consider buying instead of renting. After several years of lower home prices and interest rates, both have been on the rise recently. We don't know where this will go, but this makes this an uncertain time for many to become homeowners. Make sure you are ready to take on the responsibility for the time and expense of caring for and maintaining your home inside and out – in addition to the overall cost. If you are truly ready, then home ownership also may provide you with mortgage interest tax deductions and perhaps home equity. Rising home prices, however, may result in negative equity depending on how values play out in the future.

Learn the power of growth and start early. Even relatively small amounts of money can grow into an impressive figure if you start early. With 40+ years before retirement on your side, you have time to grow your assets through compounding and investment earnings potentially achieved through growth-oriented equity investments. No 401k plan offered at work or wanting to establish investments outside of your 401k? Consult a financial professional about setting up an IRA, Roth IRA or another type of investment account - and start investing now for long-term growth. To further convince you of the power of growth, you'd have to save almost $29,000 a year or about $2,417 a month for 35 years to have a million dollars for retirement in the absence of compounded growth on your assets. With growth, you can potentially have $1million in 35 years by saving less than half the monthly amount – only $1,094 monthly if you achieve a 4% growth rate on your investments. Or you can potentially achieve a $1million portfolio with- in a much shorter 15 years by saving $2,890 monthly at a higher 8% rate of return. Compounded growth may make a big difference over time. See the chart below for more examples of how you can potentially reach a million dollars with these monthly investment amounts:

Years to $1 Million	@4%	@6%	@8%	@10%
15 years	$4,064 monthly	$3,439	$2,890	$2,412
20 years	$2,727	$2,164	$1,698	$1,316
25 years	$1,945	$1,443	$1,052	$754
30 years	$1,441	$995	$671	$442
35 years	$1,094	$702	$436	$263

Note: These examples are for illustrative purposes only, and the rates of return are hypothetical and do not represent the returns of any particular investment, but you can see the impact of being able to achieve growth on your investments, as well as the benefits of starting as early as possible. A financial professional can help you determine the mix of investments that may help you increase the odds of achieving your financial goals through growth.

Put "surprise" cash into savings. If you come into extra or unexpected money – a company bonus, a holiday gift from a relative, an inheritance, or all that graduation money you have rolling in - always set aside at least a portion for your future.

If you are looking to get started early with a long-term investment plan, and a focus on your financial future, we can help. Contact 770.931.1414 to schedule a free consultation to review your situation in person, or visit our website at www.RogerSGreen.com.

Roger S. Green is an Investment Advisor Representative offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and Broker/ Dealer, member FINRA, SIPC. Green Financial and Cetera Advisors are not affiliated. Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59½ or due to death, disability, or a first time home purchase (up to a $10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes. A diversified portfolio does not assure a profit or protect against loss in a declining market. Roger's office is located at 3700 Crestwood Parkway, Ste 140, Duluth, GA 30096.