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U C C E S S

WINTER 2015

Caught in the Middle

At a time when baby boomer couples should be saving for their own retirements, many feel squeezed by competing financial needs. Having started families later than past generations, their children may just now be entering college or still living at home. At the same time, aging parents may need financial assistance. It is a dilemma that is likely to become more common.

Caring for Parents

As life expectancies continue to rise, it becomes increasingly likely that you may need to help an aging parent. Some financial precautions you should consider now include:

✓ Investigate long-term-care insurance for your parents. If they can't afford the insurance, you may want to purchase it for them.



✓ Have your parents prepare a listing of their assets, liabilities, and income sources, including the location of important documents. This can save time if you need to take over their finances.

✓ Make sure your parents have legal documents in place so someone can take over their financial affairs if they become incapacitated. They may also want to delegate health care decisions.

✓ Understand the tax laws if you provide financial support to

your parents. You may be able to claim them as dependents if you provide more than half of their support. Additionally, you may be able to deduct medical expenses paid on their behalf.

✓ Find out if your employer offers a flexible spending account for elder care. This may allow you to set aside pretax dollars to pay elder-care expenses for a dependent parent.

Continued on page 2

A New Hire at Nebel Financial Services LLC.!

Good news! Please join me in welcoming Nicholas M. Rhodes to Nebel Financial Services, LLC. Nick joins me as a Client Service Associate. He comes with prior work experience in the financial services industry and an MBA from George Mason University. Nick will slowly be working into all phases of the business, assisting me with the day-to-day activities and working on the various securities licenses through our broker/dealer, Sterne, Agee, & Leach Inc. Nick is excited about the opportunity to assist me; but more important, he looks forward to getting to know and supporting all of you.



Nick currently resides in Centreville, Virginia, where his family has lived for the past 21 years. He will begin on March 4, 2015.

At Nebel Financial Services, LLC., our goal is to continue to provide our clients with exceptional service to meet your financial needs.

Sincerely,

Andrew D. Wade, CFP®
President

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Caught in the Middle

Continued from page 1

Assisting Your Children

For many families, college costs are significant. While you may want to pay all college costs for your children, it may not be feasible with competing needs to save for retirement and to assist parents.

Some strategies to consider include:

- ✓ Shift some of the burden to your children, requiring them to work part-time during college or take out student loans.
- ✓ Understand the financial aid system, investigating all financial aid sources. Search for scholarships that are not based on need. Apply to several different colleges, looking for the best financial aid package. Negotiate with your child's preferred college to see if you can increase the financial aid package.
- ✓ Look for ways to reduce the cost of college. Your child can start at a community college, which is often cheaper than a four-year college, especially if the child commutes from home. Or consider a public university in your state, which will generally be more affordable than a private university.

Once your child graduates from college, don't assume your financial responsibilities are over. Adult children may return home for a variety of reasons — they can't find a well-paying job, they have too much debt to live alone, or they divorce and need financial support. If your child returns home, realize there are increased costs — additional food,



The Cost of Raising a Child

While most parents would agree that it's expensive to raise a child, you probably haven't put a dollar value on just how expensive it is. However, since 1960, the U.S. Department of Agriculture calculates that cost annually. For 2013, the average amount spent on a child from birth to age 17 was:

Total spent Over 17 years	Annual income		
	≤\$61,530	\$61,530-\$106,540	≥\$106,540
Housing	\$55,800	\$73,260	\$132,660
Food	32,340	39,060	49,590
Transportation	25,200	34,710	50,700
Clothing	11,670	14,070	19,890
Health care	14,970	20,130	23,160
Child care and Education	25,560	44,400	95,550
Other	11,010	19,710	36,270
Total	\$176,550	\$245,340	\$407,820

Note: These figures assume the family has two children, with these amounts spent on the younger child. Expenses for the older child are similar. For an only child, these figures should be multiplied by 1.25. If there are three or more children in the family, these figures should be multiplied by .78 for each child.

That means, on average, parents with income less than \$61,530 will spend \$10,385 per year for a child until age 17, parents with income from \$61,530 to \$106,540 will spend \$14,431, and parents with income over \$106,540 will spend \$23,989.

Since these amounts are through age 17, they don't include the cost of a college education or supporting your child until he/she graduates from college. They also don't consider the fact that one parent may stop working to raise the child. ○○○

phone bills, utilities, etc. Consider charging rent and imposing a deadline on how long he/she can stay.

Don't Forget Yourself

When faced with the competing needs of children and aging parents, it's easy to neglect your own need to save for retirement. But don't feel guilty about your retirement needs. One of the best gifts you can give your children is the knowledge that you will be financially independent during retirement. Consider the following:

- ✓ Calculate how much you need for retirement and how much to save on an annual basis to reach that goal. Don't give up if that amount is beyond what you're able to save now. Start out saving what you can, resolving to significantly increase your saving once your par-

ents' or children's needs have passed. Also consider changing your retirement plans, perhaps delaying your retirement or reducing your financial needs.

- ✓ Take advantage of all retirement plans. Enroll in your company's 401(k), 403(b), or other defined-contribution plan as soon as you're eligible. Also consider investing in individual retirement accounts. All provide tax-advantaged ways to save for retirement.

- ✓ Reconsider your views about retirement. Instead of a time of total leisure, consider working at a less-stressful job, starting your own business, or turning hobbies into paying jobs.

Please call if you'd like to discuss this in more detail. ○○○

Four Steps to Boost Your Financial Confidence

When it comes to being in control of your money, confidence is one of the most important attributes you can have. But many people lack that confidence. Below are four simple suggestions that can help you increase your financial confidence so you know you're making smart decisions for yourself, your family, and your future.

1. Get organized. Not too long ago, it didn't take much work for the average person to organize their finances. Unless you were very wealthy, money matters were fairly straightforward — you might have had checking and savings accounts, an insurance policy, maybe some stock investments and bonds, and a mortgage. If you were lucky, you had a pension. You could easily store all your financial information in a single accordion file.

Today, things are more complicated. Credit cards, home-equity lines of credit, student loans, 401(k)s and IRAs, 529 plans for college expenses — the list of things to keep track of seems endless. It's easy for things to get lost or overlooked. That in turn can lead to mistakes that can weaken your financial confidence. Getting organized will give back a feeling of control.

There are numerous strategies for getting organized. The best approach for you depends on your specific situation and your personality. 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. Whatever solution you choose, you need to know all the details of your finances — how much you bring in, how much you owe, how much you're worth, and how much you're saving.

2. Get educated. When you start a new job, you may feel ner-

vous and on edge. There's a lot to learn and you may not be confident that you'll succeed in your new position. But if you commit yourself to learning new skills and the ins-and-outs of how your new organization functions, your confidence will gradually increase. The same holds true for your finances. 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 school curricula, so many otherwise savvy adults are clueless in this area — a 2012 study found that 61% of U.S. adults who were asked five basic questions about financial topics got three or fewer correct. 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. If you don't want to go back to school, consider watching videos or reading articles that review financial concepts you're unfamiliar with.

3. Get a financial plan. Making financial decisions on a day-to-day basis with no larger purpose or focus in mind may work for some people, but it's not likely to help you become financially confident. If you don't have any idea what might (or what you want to) happen, you're not likely to be very confident about your future. 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. Having a financial plan will also help you prepare to cope with an uncertain world. You'll be better prepared for the unexpected. In fact, people who engage in financial planning are more likely to report that they live comfortably and are on track to meet all of their financial goals.

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. In fact, a 2012 study by the Certified Financial Planning Board of Standards found that planners were more likely than nonplanners to report high levels of financial confidence. They were also less likely to have credit card debt, more likely to save 10% of their income, and have \$100,000 or more in investments and savings.

4. Get help. A recent survey found that nearly 75% of American adults thought they could benefit from seeking professional financial advice. Yet relatively few people actively seek out financial assistance. That's a shame, because getting reliable advice from an outside expert can do wonders for your financial confidence. Just like a doctor supports and guides you in making decisions about your health and a personal trainer is there to encourage and motivate you to get fit, 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, from deciding how much to save for retirement to choosing investments for your portfolio. If you're unsure about what to do next, please call. ○○○



Cut Financial Clutter

Financial clutter can cause more than stress. It can also cause you to lose money because of missed contribution deadlines, forgotten accounts, overlooked tax savings, and more. Below are six tips to help you cut the financial clutter.

1. Prepare an inventory. Set aside time for a financial inventory. First, make a list of all your financial accounts. Then, gather all your financial paperwork in one place and organize it into three piles: One of things to keep hard copies of, one of things to keep digital copies of, and another of things to get rid of.

2. Shred, shred, shred. Much of the paperwork you've been hanging onto for years can be thrown away. Tax returns can usually be disposed of after three years, though in some cases (like if you're self-employed) you'll want to keep them for a longer period. Credit card statements can typically be shredded once you've confirmed there are no erroneous charges, and most receipts can be pitched right away. Loan documents can be shredded once the debt is paid off.

3. Get a scanner. These days, there's no reason to keep hard copies of most financial documents. Invest in an affordable scanner and

make digital copies of records.

4. When possible, consolidate accounts. Having numerous financial accounts is a major source of clutter. Do you really need multiple savings accounts at different institutions? Do you have several different 401(k)s from old employers? Do you have half a dozen credit cards, but only use one or two? When possible, streamline and consolidate.

5. Automate your finances. Reduce the amount of clutter coming in by signing up for online bank account and investment statements. However, because some banks may only allow you to access the past several months of statements, you may want to download the records and save them elsewhere. When possible, automate bill payment and paycheck deposits.

6. Get an online vault and home safe. Of course, not everything can be stored online. A fire-proof home safe is a good place to store original documents. Marriage and death certificates, deeds to your home, car titles, Social Security cards, and copies of your will are all items commonly stored in home safes. Make sure your family will be able to access it in the event you die or become ill. ○○○



Loan Carefully

Responding to a request for a loan from a family member or friend can be difficult. Consider these points before loaning money:

✓ **Make sure the loan won't damage your relationship with that person.** Loaning money can put significant stress on a relationship. You don't have to make the loan, but explain your reasons to prevent hurt feelings.

✓ **Put the arrangement in writing.** Make sure to include the principal balance, interest rate, repayment terms, due dates, and provisions for late payments.

✓ **Exercise caution before cosigning a loan.** When you cosign a loan, you sign a legal document accepting responsibility for the entire debt. If the primary borrower falls behind in payments, the creditor can come to you.

✓ **Ask for collateral.** Don't be afraid to ask for a lien on a house or car if you are loaning significant sums. That way, if the person files bankruptcy, your claim will have precedence over general creditors without liens.

✓ **Don't keep the loan a secret.** If you make a loan to a family member, inform other close family members so they don't feel you are giving preferential treatment. ○○○

Financial Thoughts

Among workers age 45 to 74 who have been at their current job at least six years, the main reasons for not seeking new employment included: enjoy current job (55%), current job pays well (14%), career is going well (11%), hard to find a new job (10%), and like current work schedule (9%) (Source: *The Wall Street Journal*, October 13, 2014).

It appears, from the following figures, that a college degree

impacts income: 83% of those earning over \$200,000 annually have a bachelor's degree or higher, compared with 74% of those earning \$100,000 to \$199,000, 56% of those earning \$60,000 to \$99,000, 35% of those earning \$30,000 to \$59,000, and 20% of those earning less than \$29,000 (Source: *Time*, September 8–15, 2014).

Employed individuals between the ages of 25 and 54

who have children spent their workday as follows: 8.8 hours working, 7.7 hours sleeping, 2.6 hours on leisure/sports, 1.2 hours caring for others, 1.1 hours eating/drinking, 1 hour on household activities, and 1 hour on other activities (Source: *Time*, September 8–15, 2014).

The average American worker spends 25.5 minutes commuting one way to work (Source: *Forbes*, 2014). ○○○