

MoneyLink

5 Simple Keys to Reach Financial

*Your Link to Meaningful
Wealth Accumulation*

Security:

Okay, tell the truth.

How much storage space do you have clear and free in your home?

Very little, right?

It's simply part of the human condition that the junk in our homes expands and multiplies to fill all available space. Office drawers over-flow with unused keys, broken pencils and dried-out markers. Closets bulge with clothes you haven't worn since the Beatles landed in America. Garages are so obstructed and cluttered that the main thing they were built for -- your car -- has found a permanent home outside on the driveway or street.

The same principle applies to our finances.

Very, very rarely is our personal income enough -- not because the dollars are insufficient to cover the need but because the clutter in our lives has consumed all of our financial breathing room and left us with no dollars to support meaningful investment!

"Oh," you think, "so this article is about doing without, about turning off lights and eating out less, scrimping and sacrificing in order to build a nest-egg!"

No. This article focuses on the big stuff, the major common-sense issues, the stupid DUH! sinkholes that we know to avoid and yet ALL of us occasionally stumble into. These are things you do and slap yourself, moaning aloud, "What a dope! Why do I do this?"

So here they are -- the big habits that rob us of our quality of life both now and in the future:

#1

Don't loan money to relatives or friends. In 2000, the federal government was actively garnishing the Social Security payments to six -- that's right, "six" -- American seniors because of delinquent student loans. As of April, 2013,



Second Quarter, 2014

Vital Issues

for You to Consider:

- ◆ **What Is "Lifestyle Investing," and Should It Be Important to You?**
- ◆ **Plan Now (!!!) for College Costs!**
- ◆ **NOT a Good Investment Strategy!**

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5 Simple Keys to Reach Financial Security:

that number had surged from six to 115,000! WHOA! According to *Time* magazine, Americans age 60+ in 2012 owed \$36 BILLION in student loans.

Do not loan money to relatives and friends. Do not co-sign for the debts of others. Do not take out student loans on behalf of your grandchildren. It's not good for you and, in the long run, it's not a wise decision for your friends or relatives either.

#2 Understand your budget! If you read that and ask yourself, "What budget?" then ask the nearest person to kick you really hard. A budget is not about what you spend; it's about what you should not spend. Understand this: our national economy thrives on people who confuse their needs with their wants. If you understand that you NEED to set aside a portion first for investment purposes, then your budget may define a bigger SUV or dinner every week at the Outback as a WANT. Buy a lot of those wants now, and you won't be able to buy needs later. It's that simple.

#3 Don't gamble! It's amazing how the smallest opportunity for easy gain deludes us. Whereas very few people would play cards when the dealer is known to stack the deck against you, people will rush to casinos in full knowledge, presumably, that the



"I'll take a bullet for you, Bobby, but I won't loan you money."

odds are stacked so that the casino keeps at least 15%. Otherwise, the casino would fail. Lotteries work on the same principle. If you want the odds stacked in your favor, walk right past the casino or lottery outlet and invest in your retirement plan.

#4 Plan for setbacks! If you ever establish a list of absolute truths, that is statements that are true for 100% of all human beings all of the time, this would be near the top: "It's always something!"

If you don't plan on unexpected detours, distractions and disasters, you'll never reach your destination in one piece. Planning on a highly liquid reserve fund for emergency needs is just this: "responsible."

#5 Don't consider DIY investing a "plan"! Yes, yes, it's true. On the front cover of almost every *Money* magazine is a handsome couple who have become extremely rich through a "do-it-yourself" (DIY) investment plan. But remember is this: on the front of every *Cosmopolitan* or *Elle* is the Photoshopped picture of a beautiful model; so what are the chances of you ever looking like that?

DIY retirement planning exposes you to potential losses which simply

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NOT a Good Investment Strategy!

A whopping 68% of taxpayers prefer to have MORE withheld from their paychecks in order to receive a larger refund when they file their returns.

A large tax refund is, very simply, Uncle Sam's paying back to you the amount you loaned him, tax-free and interest-free, out of your week-by-week paycheck all year long. It is also probably a good indication that you are not planning carefully.

If you are getting a big tax refund this year, why not call and let us help you redirect those dollars to work for you and not for your rich uncle.

Source: White, Martha. "This Simple Tax Error Is Costing You \$2,800!" *Time* magazine. business.time.com. 2/3/2014

What Is All the Talk about Lifestyle Investing And Should It Be Important to You?

Old: Reach the Target Number

A lot of old-fashioned “financial planning” consisted of slogging through a long list of questions to find a target number, defining to the dollar how much money you might need when you reach your “retirement age.” Then your “agent” would put together a “plan” to help you reach that number, buy the right financial products, set the system on auto-pilot, and he or she could walk out of your life.

New: Earn All You Can!

The old fashioned auto-pilot plan

eventually gave way to the era of hands-on investment planners, well schooled in finance and working on your behalf to absolutely maximize the value of your investments -- again aimed at a comfortable retirement.

Newest: “Lifestyle Investing”

Lifestyle investing adjusts the focus from retirement to the investor’s quality of life here and now.

Instead of looking for maximum return to reach a retirement goal, the investor and planner work together to build and manage personal income so

the investor gains maximum control here and now over his or her personal time. An increased emphasis is placed upon health issues to assure longevity, and many lifestyle investors take real joy in “giving back” to the community in the form of volunteering for social or environmental causes.

A new wave of lifestyle investors is emerging through development of the Internet. Technology has freed millions of people from traditional employee lifestyles, office cubicles and fixed business locations.

Sound like a good direction for you? Call us up, and let’s explore the possibilities!

Source: “Lifestyle Investing” *The Urban Dictionary*. urbandictionary.com. 2/14/14

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5 Simple Keys to Reach Financial Security:

simply accompany abrupt, emotional investment decisions or decisions made without a deep understanding of such issues as tax liability, investment costs, or the vagaries and possibilities of literally hundreds of investment options.

What DIY investors are not going to tell you (because they have no idea) is how much more they could have earned if they had just been open to professional advice.

Here’s the bottom line: we all fall prey to the stupid occasionally, but moving in with the stupid is not

a wise option. Make a move in the right direction. Call us for an easy introductory meeting or to review your current financial plan.

Sources: 1) Rowan, Rachel. “Retiree Alert: How to Reduce or Stop a Social Security Student Loan Garnishment” www.Tuition.IO. 4/8/2013 2) Tuttle, Brad. “60 and Still Not Out of Student Loan Debt” *Time*. 4/3/2012 3) Frum, David. “The Harm that Casinos Do” *CNN/Opinion*. 9/24/13 4) “Bad Money habits to Break in 2013” *DI Institute*. thebigretirementrisk.com.

The High Price of Bad Habits!

If cigarettes cost \$5.50 a pack, a pack-a-day habit costs a smoker \$165 monthly or nearly \$10,000 in cash in five years.

Want to help a loved one break the habit? Offer to contribute to an investment account for every week or month he or she is clear.

Plan Now (!!!) for College Costs!



Dudley realized he'd forgotten everything he'd learned and was still paying off student loans.

American families now owe \$1.2 trillion in student loans, ranking second in the United States only to home-mortgage debt.

Furthermore, the average cost of attending a public four-year college has soared upward by 73% over ten years, out-stripping the rate of increase for health-care services, energy, housing and almost every other commonly held expense category.

At many colleges and universities, average tuition costs coupled with room and board for a university student approaches \$60,000 annually -- almost the equivalent of the nation's average *household* income.

If your family values higher education, you will know as well that all college programs are not equal -- that attending the right college can provide a universe of contacts and respect that the average college education simply can't match.

You need to plan. It will take an effective strategy for you to be able to help your children with the costs of higher education. Come on. Call us now.

Source: 1) Campbell, Kelly. "How to Balance College Costs with Retirement." US News & World Report. Yahoo/finance. 2/20/2014 2) Jenkins, Jack. "Real Family Values: Making College Affordable & Alleviating Student Loan Debt" Center for American Progress. americanprogress.org. 1/14/2014



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