Beyond the Basics

Customized Wealth Strategies

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24.3 million

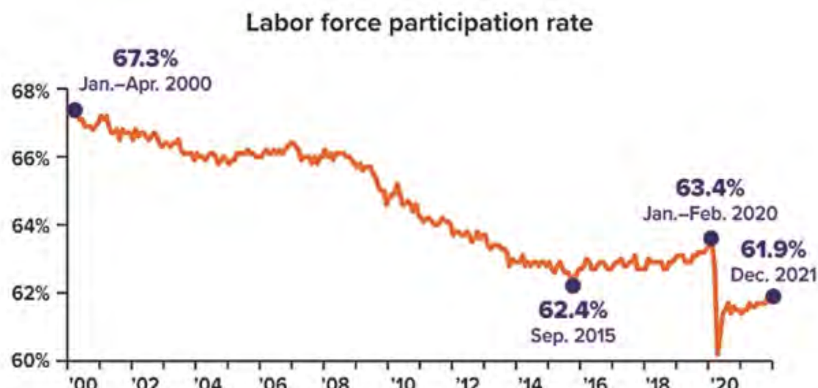
Estimated number of 401(k) accounts left with former employers as of May 2021, with 2.8 million more left behind each year. If you have retirement assets with a former employer, you can leave them in the plan. But for more control, you can roll your assets to an IRA or to a new employer plan (if allowed) — both of which can preserve tax-advantaged status — or cash out, which will typically incur income taxes.

Source: *Financial Planning,* August 31, 2021

Where Are the Workers?

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to aging baby boomers and more young people in college. Participation was rising before plummeting at the onset of the pandemic.

The rate has only partially recovered due in large part to accelerated retirement among workers age 55 and older. Other reasons include fewer child-care workers, reduced immigration, and many workers unwilling to return to low-paying jobs. Some experts believe it may never return to pre-pandemic levels. The question for the U.S. economy is whether technology and other productivity measures can maintain economic growth with a smaller percentage of the population in the workforce.



Sources: U.S. Bureau of Labor Statistics, 2016 & 2022; *The Wall Street Journal,* October 14, 2021; CNN, December 15, 2021

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Baseball Lessons That Might Help Change Up Your Finances

Baseball stadiums are filled with optimists. Fans start each new season with the hope that even if last year ended badly, this year could finally be *the year.* After all, teams rally mid-season, curses are broken, and even underdogs sometimes make it to the World Series. As Yogi Berra famously put it, "It ain't over till it's over."[1] Here are a few lessons from America's pastime that might inspire you to take a fresh look at your finances.

Proceed One Base at a Time

There's nothing like seeing a home run light up the scoreboard, but games are often won by singles and doubles that put runners in scoring position through a series of hits. The one-base-at-a-time approach takes discipline, something you can apply to your finances. What are your financial goals? Do you know how much money comes in and how much goes out? Are you saving regularly for retirement or for a child's college education? Answering some fundamental questions will help you understand where you are now and help you decide where you want to go.

Cover Your Bases

Baseball players must be positioned and prepared to make a play at the base. What can you do to help protect your financial future in case life throws you a curveball? Try to prepare for those "what ifs." For example, you could buy the insurance coverage you need to help make sure your family is protected. And you could set up an emergency account that you can tap instead of dipping into your retirement funds or using a credit card when an unexpected expense arises.

Take Me Out to the Ball Game

The average cost of taking a family of four to a Major League Baseball game during the 2021 season was $253. Costs varied across the league, with Red Sox fans paying the most and Diamondbacks' fans paying the least.*

Team	Cost
Boston Red Sox	$376
New York Yankees	$340
Los Angeles Dodgers	$308
Texas Rangers	$287
St. Louis Cardinals	$260
Atlanta Braves	$243
Tampa Bay Rays	$180
Arizona Diamondbacks	$144

*Based on the Fan Cost Index from Team Marketing Report, which includes price of four nonpremium tickets, parking, two draft beers, four soft drinks, four hot dogs, and two adult-sized adjustable hats.

Source: The Athletic, 2021

Expect to Strike Out

Fans may have trouble seeing strikeouts in a positive light, but every baseball player knows that striking out is a big part of the game. In fact, striking out is much more common than getting hits. The record for the highest career batting average record is .366, held by Ty Cobb.[2] As Ted Williams once said, "Baseball is the only field of endeavor where a man can succeed three times out of ten and be considered a good performer."[3]

So how does this apply to your finances? As Hank Aaron put it, "Failure is a part of success."[4] If you're prepared for the misses as well as the hits, you can avoid reacting emotionally rather than rationally when things don't work out according to plan. For example, when investing, you have no control over how the market is going to perform, but you can decide what to invest in and when to buy and sell, according to your investment goals and tolerance for risk. In the words of longtime baseball fan Warren Buffett, "What's nice about investing is you don't have to swing at every pitch."[5]

See Every Day as a New Ball Game

When the trailing team ties the score (often unexpectedly), the announcer shouts, "It's a whole new ball game!"[6]

Whether your investments haven't performed as expected, or you've spent too much money, or you haven't saved enough, there's always hope if you're willing to learn from what you've done right and what you've done wrong. Hall of Famer Bob Feller may have said it best. "Every day is a new opportunity. You can build on yesterday's success or put its failures behind and start over again. That's the way life is, with a new game every day, and that's the way baseball is."[7]

All investing involves risk, including the possible loss of principal. There is no guarantee that any investment strategy will be successful.

1, 3-4, 6-7) BrainyQuote.com

2) ESPN.com

5) quotefancy.com

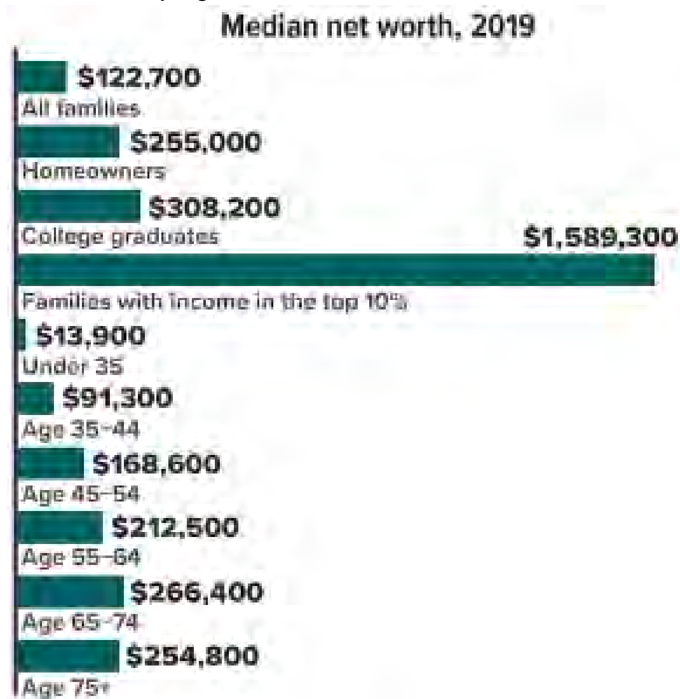
Are You a HENRY? Consider These Wealth-Building Strategies

HENRY is a catchy acronym for "high earner, not rich yet." It describes a demographic made up of young and often highly educated professionals with substantial incomes but little or no savings. HENRYs generally have enviable career prospects, but many of them feel financially stretched or may even live paycheck to paycheck for years, especially if they are working in cities with high living costs and/or facing large student loan payments.

If this sounds like you, it may be time to shed your HENRY status for good and focus on growing wealth — even if it means making some temporary sacrifices. One simple metric that can be used to gauge your financial standing is your net worth, which is the total of your assets (what you own) minus your liabilities (what you owe).

Wealth Snapshot

The net worth of U.S. families varies greatly depending on housing status, education, and income level. But it also takes time to build wealth, so there are significant differences by age.



Source: Federal Reserve, 2021

Pay Attention to Your Spending

It's virtually impossible to increase your net worth if you don't live within your means. After studying long hours and working your way into a good-paying job, you may feel that you deserve to spend some money on fashionable clothes, the latest smartphone, a night on the town, or a relaxing vacation. However, if you can't pay for most of your splurges without relying on credit — or wiping out your savings — then you may need to rein in your lifestyle. Budgeting software and/or smartphone apps can help you analyze your spending patterns and track your financial progress.

Utilize a Workplace Retirement Plan

Making regular pre-tax contributions to a traditional 401(k) plan is a no-nonsense way to accumulate retirement assets, and it helps reduce your taxable income by the same amount. Experts recommend saving at least 10% of your income for future needs, but if that's not possible right away, start by contributing 3% to 6% of your salary to your retirement plan and elect to escalate your contribution level by 1% each year until you reach your target (or the contribution limit). The maximum you can contribute to a 401(k) plan in 2022 is $20,500 ($27,000 if you are age 50 or older).

Many companies will match part of employee contributions, and free money is a great reason to save at least enough to receive a full company match and any available profit sharing. Some plans may require that you remain employed by the company for a certain amount of time before you can keep the matching funds.

Assess Your Housing Situation

Paying rent indefinitely may do little to improve your financial situation. Buying a home with a fixed-rate mortgage could help stabilize your housing costs, and you can build equity in the property over time as your loan balance is paid off — especially if the value appreciates. A home purchase may also afford tax advantages, but only if you itemize rather than claim the standard deduction on your tax return. Interest paid on up to $750,000 of mortgage loan debt is deductible, as are the property taxes, subject to a $10,000 cap on state and local property taxes.

Homeownership is a worthwhile financial goal if you plan to stay put for at least several years. And in many places, owning a home can be less expensive than renting, thanks to low interest rates. But there could be hurdles to overcome, including a hot real estate market, high prices, lingering student debt, and the large chunk of money required for a down payment.

When shopping for a home, resist the temptation to buy more house than you can afford, even if the bank says you can. And don't forget to factor property taxes, insurance, and potential maintenance costs into your buying decisions and household budget.

Raising Money-Smart Teens

As teens look forward to summer activities, especially those that cost money, the next few months might present an ideal opportunity to help them learn about earning, spending, and saving. Here are a few age-based tips.

Younger Teens

In recent years, apps have proliferated to help parents teach tweens and teens basic money management skills. Some money apps allow parents to provide an allowance or pay their children for completing chores by transferring money to companion debit cards. Many offer education on the basics of investing. Others allow children to choose from a selection of charities for donations. Some even allow parents to track when and where debit-card transactions are processed and block specific retailers or types of businesses.

Most apps typically charge either a monthly or an annual fee (although some offer limited services for free), so it's best to shop around and check reviews.

Older Teens

Many teens get their first real-life work experience during the summer months, presenting a variety of teachable moments.

Review payroll deductions together. A quick review can be an eye-opening education in deductions for federal and state income taxes, and Social Security and Medicare taxes.

Open checking and savings accounts. Many banks allow teens to open a checking account with a parent co-signer. Encouraging teens to have a portion of their earnings automatically transferred to a companion savings account helps them learn the importance of "paying yourself first." They might even be encouraged to write a small check or two to help cover the expenses they help incur, such as Internet, cell phone, food, gas, or auto insurance.

Consider opening a Roth account. A teen with earned income could be eligible to contribute to a Roth IRA set up by a parent — a great way to introduce the concept of retirement saving. Because Roth contributions are made on an after-tax basis, they can be withdrawn at any time, for any reason.

Roth IRA earnings can be withdrawn free of taxes as long as the distribution is "qualified"; that is, it occurs after a five-year holding period and the account holder reaches age 59½, dies, or becomes disabled. Nonqualified earnings distributions are taxed as ordinary income and subject to a 10% early-withdrawal penalty; however, if the account is held for at least five years, penalty-free distributions can be taken for a first-time home purchase and to help pay for college expenses, which may be helpful in young adulthood. (Regular income taxes will still apply.)

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