The CARES Connection

Our Process

The Awkward Conversations That Can Save You Big Money

Talking about finances with a significant other can be brutally awkward — especially if you're tempted to hide past financial misdeeds or are unsure how to bring up touchy subjects.

According to a February 2017 survey by LearnVest, most people feel uncomfortable talking about their finances with their better halves. Only 44 percent of respondents said they didn't mind disclosing intimate financial details, such as the size of their savings accounts or the depths of their financial troubles, to their partners.

Meanwhile, 20 percent admitted that they had never seriously discussed financial issues with their partners.

Although talking about finances with the person you're trying to woo can be embarrassing or painful, it's crucial, say experts — especially if you already live together or plan to share your lives with one another. Diving into uncomfortable discussions may help you save time or money over time since you're likely to make smarter financial decisions; it could also reduce the odds that you'll fight about money in the future.

Here are seven common money issues that are often embarrassing or delicate to discuss, but are well worth bringing up:

Your credit scores: You may not want to admit that your credit score is less than perfect, but sharing your credit scores and credit reports with one another is crucial to making sure you're making the right financial choices. For example, if you're planning to buy a car together, but one partner has a significantly lower credit score, you may get a better interest rate on the car loan if only one of you applies for it.

Similarly, if you have a lot of debt you need to transfer to a lower rate credit card, you'll likely get a better deal if the person with the highest credit score applies for it.

Your debts: Fessing up about your debts is also important for long-term planning — especially if you're thousands of dollars in the red.

If you've got tens of thousands of dollars in student loan debt or are secretly struggling to pay for maxed out cards, share those debts with your partner. You may be surprised to find your significant other is able and willing to help you shred those debts. Joining forces and using both your incomes to pay down balances can also help you get rid of debt more quickly. In addition, sharing information about your balances can help you jointly strategize your next financial moves and pick a strategy that works for both of you.

Your spending habits: Don't forget to talk about spending, too, the next time you discuss finances. You may be embarrassed to admit how leaky your wallet is, or how often you splurge on junk you don't use. But speaking truthfully about your spending habits is essential for creating a budget that both of you can stick to. Working together on a budget and holding each other accountable can also help you follow through on your good intentions. Not wanting to disappoint your partner can do wonders for your ability to say no when you're feeling tempted by a purchase.

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SOMEONE WHO CARES · MAKING LIFE BETTER FOR EVERYONE

The Importance of Having an Emergency Fund

In life you should always expect the unexpected. That's why any financial guru around will stress the importance of having an emergency fund. If you're confused about what exactly an emergency fund should be used for, I can tell you this: It's not for that 65-inch TV you've been eyeing when yours bites the dust. While that may seem like a catastrophic event to some, it's not exactly the type of crisis that you'll want to dip your fingers into your cash stash for.

An emergency fund, also known as a "rainy day" fund, is the money you save for those unforeseen circumstances you run into in life. Your budget is made up of everyday expenses like groceries, housing, cars, etc. Your emergency fund is for those things you don't anticipate in your budget. So when life happens, and it will, you need to have money somewhere that you can easily access to cover those expenses. This is not money you tie up in an investment. You've got to keep it liquid and available. You don't want to count on credit cards or debt to get you through when your car breaks down or the air conditioning goes out in the middle of August. That's why having a cash stash to cover these is vital to your financial health.

How Much Should You Have in Your Emergency Fund?

The basic rule of thumb when it comes to this type of savings is to have three to six months of living expenses readily available. For a one-income family, we suggest six months. That means if you make $100,000 a year and your monthly expenses are $5,500, you're going to want to set aside $33,000. If there are two breadwinners, we recommend three months because it's unlikely both income earners will hit a bump in the road at exactly the same moment. Keep in mind it's based off your monthly expenses and the cash needs to be readily available. (For related reading, see: How Much in Savings You Need to Live Comfortably.)

What to Use Your Emergency Fund for:

Here are some of the reasons and expenses you might need to tap your fund for:

- Car troubles
- Medical emergency
- Job loss
- Unexpected home repairs

However, some people aren't big on keep that much cash. If you're one of them, then at least set a certain amount aside as your emergency fund. For example, you might be comfortable with keeping $5,000 in cash , which would cover most of your anticipated calamities because your cars and home are in good shape.

The amount isn't the most important factor. The key is in establishing the reserves for those unpredictable moments and making sure it's enough to keep you from borrowing money as a quick fix. Without it, you'll undoubtedly end up in debt, and debt is really just a crutch for those who don't know how to budget. So budget, budget, budget! If you are budgeting properly, then you'll be fine. Just remember to always put enough money back into a cash position so that you'll be able to handle whatever life throws at you.

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Your taxes: Don't just leave it to your accountant to talk about your year-round tax strategy. It's also important to talk about your taxes with your partner so that you can make joint financial decisions that will save you money over time.

For example, you may want to discuss cutting back on your household's discretionary spending so that you can park more cash in a tax-free retirement account. Or you may want to reduce your taxable income by increasing your charitable donations.

Your ideal family: How many children you decide to have will also have a major impact on your family's bottom-line. Many people don't like to discuss the financial realities of having children — especially when they're deciding how many to have. But it's a good idea if you want to avoid overextending yourself and putting your financial security at risk. Talking about how many kids you both want and how you hope to raise them will help you decide what you can afford. It will also help you clarify whether one partner is willing to stay home, how much you're willing to spend on childcare and how much you envision spending on extras, such as summer vacations, sports camps or classes.

Your wills and other end-of-life details: It's no fun to talk about each other's deaths; but you could come to regret it if you don't. Be sure to talk about what would happen if one of you should suddenly pass away. Take time to discuss and jointly set up your wills and other important details. That way, the surviving partner doesn't lose time or money trying to get your affairs in order. Also consider adding additional life insurance — especially if one of you is financially dependent on the other.

Your Plan Bs: You may have every intention of staying together for life, but it's still a good financial move to agree beforehand on what would happen if you separate. Agreeing on a financial plan in the event that you break up will save you time and legal fees. Signing a prenuptial agreement could also give you long-term peace of mind — especially if one partner has significantly more money than the other.

THE QUARTER IN BRIEF

Encouraging economic data and a series of unsettling news headlines vied for Wall Street's attention in the third quarter, and ultimately, investors were not shaken. The S&P 500 rose 3.96% over three months, getting a lift from upbeat manufacturing and consumer confidence readings as well as earnings news. Away from our shores, the economies of China and the euro area showed improvement, and foreign stock benchmarks rallied along with ours. A slumping dollar offered no big spark for the commodities markets. The residential real estate market looked to be cooling off. The quarter was filled with major news stories, yet the bulls sauntered through the disruptions.[1]

DOMESTIC ECONOMIC HEALTH

Consumer confidence barometers were among the most impressive economic indicators last quarter. By August, the Conference Board's index topped 120, far above its origin score of 100; it was at 119.8 in September. The University of Michigan's consumer sentiment gauge ended Q3 exactly where it ended Q2 – at a solid mark of 95.1, rebounding from a July dip to 93.4.[2,3]

The economy's two key purchasing manager indices were also elevated well above the 50 level, which also cheered Wall Street. In September, the Institute for Supply Management's factory PMI jumped to 60.8 – rising above 60 for the first time in 13 years, after readings of 58.8 in August and 56.3 for July. ISM's service sector PMI came in at 53.9 for July and 55.3 for August (at this writing, the September reading was pending).[4,5]

Hiring eased during the quarter. Employers added 156,000 net new jobs in August after a July gain of 189,000. The main jobless rate ticked up from 4.3% in July to 4.4% in August, while the U-6 rate, tracking unemployment and underemployment, held at 8.6%.[6,7]

Inflation showed definite signs of picking up, or at least, nearing the Federal Reserve's 2.0% target. The Consumer Price Index showed a 12-month advance of 1.7% in July, then 1.9% in August. In both those months, core prices rose 1.7% year-over-year. The Producer Price Index displayed but a 1.9% yearly advance in July, which rose to 2.4% a month later.[2]

With personal wages improving annually at a decent 2.5%, did personal spending increase? Not as much as economists hoped. The gain was 0.3% in July, but merely 0.1% in August.[7,8]

Other data points from Q3 included a minor retreat for manufacturing production (down 0.1% in July and 0.3% in August), a rise and fall for industrial production (up 0.4% for July, down 0.9% just a month later), and a fall and rise in durable goods orders (which sank 6.8% in July but rose 1.7% for August). Retail sales were 0.3% higher in July and declined by 0.2% for August.[2,8]

Few investors thought the Federal Reserve would tinker with interest rates in the third quarter, and it did not. It did announce a strategy to cut its $4.2 trillion balance sheet at its September policy meeting. Beginning in Q4, the Fed will allow $10 billion in bonds per month to run off, and the pace will accelerate to $20 billion per month in Q1, $30 billion per month in Q2, etc., to a monthly goal of $50 billion.[9]

Cybercrimes were also conspicuous in the quarter. Credit reporting titan Equifax had its databases hacked, leaving the personal information of more than 140 million Americans at risk. Whole Foods and Sonic also suffered major identity theft breaches.[10]

GLOBAL ECONOMIC HEALTH

News about the European economy was increasingly positive, even as Spain's Catalonia region threatened to secede and Brexit negotiations continued. By August, euro area joblessness had fallen to 9.1%, an 8-year low; unemployment was down to a record-low 5.6% in Germany. Euro area consumer confidence rose to a high unseen since prior to the credit crisis, as the summer ended. In September, the European Central Bank forecast growth of 2.2% for the region, which could lead the ECB to wind down its longstanding bond-buying effort.[11]

Late in the quarter, China's official statistics bureau projected 6.9% GDP for the year; Nomura, JPMorgan Chase, and Citibank upgraded their forecasts for China's 2017 growth to 6.8%. When it came to India, the outlook was far less rosy; as Q3 ended, the Asian Development Bank cut its GDP forecast for India's current fiscal year by 0.4% to 7.0%, and Fitch Ratings slashed theirs by 0.5% to 6.9%. Particularly alarming was news that the Indian manufacturing sector had advanced only 1.2% year-over-year through July.[12,13]

5 Ways to Tackle Your Student Loan Debt

Paying off student loans can be one of the biggest financial hurdles college students face. There are 44 million Americans paying off student loans that add up to a whopping $1.4 trillion of debt. And with college tuition soaring, the average student will leave school with over $37,000 in debt after graduation.

To get on top of your debt and begin paying off your loans, it's important to have a plan, according to Joanne Bradford, chief marketing officer of financial services company SoFi.com . Bradford laid out her five must-haves for building a student loan strategy.

#1: Know what you owe

Bradford says that most people have no idea how much they need to pay, and that can hurt them down the line.

"Most people don't really ever think about it; they don't want to look at it," Bradford said. "You need to tackle your student loan debt. It can't stifle you or make you feel overwhelmed—it's easy to get it under control."

Bradford recommends using a student loan calculator , which can help you determine your student loan balance and how much you should be paying each month.

#2: Understand your loan terms

You may have taken out multiple loans to pay for tuition, and they may have different terms, payment schedules or interest rates.

For example, Federal loans have fixed interest rates, which means the interest rate will stay the same for the entirety of your loan. The Federal Reserve

(Continued on the next page...)

The Risks of Cosigning a Student Loan

As students head back to college this fall, some families are still looking for ways to pay the tuition bill. Recent studies suggest that one option — private student loans — can pose real risks for the parents and grandparents who are often asked cosign for them.

LendEDU, an online company that specializes in student loan refinancing, surveyed parents who cosigned for their children's private student loans. Of the parents who responded, 56.8 percent said their credit scores have declined, and 65.8 percent said they have had to help their child make at least one payment. Perhaps not surprisingly, 35 percent said they regretted cosigning for the loans.

"Student loans are a confusing topic, and in many cases it's the first time that parents have had to deal with this topic," said Nate Matherson, cofounder and CEO of LendEDU. Cosigning is a common practice because most young adults don't have enough credit history to get loans on their own. But it appears that many parents — nearly a third, according to the LendEDU survey — aren't aware of the risks they're signing up for.

"They don't realize how serious it is to cosign, that they are fully responsible for the loan just like the primary borrower," said An-

(Continued on the next page...)

Quote

"The question isn't who is going to let me; it's who is going to stop me."

-Ayn Rand

Riddle

What falls but doesn't break, and what breaks but doesn't fall?

Interesting Facts

90% of all meteorites ever found have come from Antarctica.

In emergencies, coconut water can be used as a substitute for blood plasma.

The name "The First World War" was used as early as 1918, by a journalist who felt it would not be the last.

More than a third of all sick leave is taken on a Monday, researchers found.

Answer To Riddle:

Night and Day

How Can I help You?

Please give me a call and let me assist you and your family!

(Tackling Student Loan Debt Continued...)

raised the interest rate in 2017 to 4.45% for undergraduate student loans and 6-7% for graduate student loans. You have ten to 25 years to pay off your federal loans in full.

Private loans have fixed or variable rates. Variable rates mean the interest may fluctuate throughout the course of your repayment, and the length of repayment can vary depending on your lender.

"You should start with how much you owe, what the interest rates are, and how long it's going to take you to pay off," Bradford said. "I think you really have to have a budget, a plan and then really know what you're willing to sacrifice."

#3: Know your earning potential

Bradford says you should consider your future career when you think about how you want to tackle your student loan debt.

"You should really understand your worth in the marketplace by knowing what your first job is and how much you're going to make. What will your career choice pay for?" Bradford said.

Bradford says not understanding the connection between what you will make in your career and what you owe will affect you for the rest of your life.

"Think about what job you're in: what kind of company you work for, what you're going to be paid, what the future success of the company is," Bradford said. "I don't think that people really do enough homework on those kind of things because it then has a ripple effect into everything else you do."

Considering your career as part of your repayment strategy can help you avoid financial difficulties down the line.

"I've seen people put themselves in very tough financial situations by not really understanding how much they're going to make and how much they owe and aligning those two things," Bradford says.

#4: Consider refinancing

Refinancing your student loans means getting a new loan at a new interest rate. You can refinance your federal and private loans into one loan with a new lender, ideally with a better interest rate and different loan terms.

Bradford's company, SoFi.com , offers student loan refinancing, and people who refinance typically save $280 a month, she said.

While refinancing can make your monthly payments more manageable, keep in mind that you would lose benefits like loan forgiveness and other loan assistance programs offered through the Federal loan program. And not everyone is eligible for refinancing. Bradford says you need to show a history of paying your current loans on time and have good credit.

#5: Save for other financial goals

Student loans may seem overwhelming, but paying them off shouldn't be your only financial goal, says Bradford.

"You should have other goals—you should want to go on vacation, buy a home, travel the world or move to a different neighborhood," Bradford says.

You should also begin saving for retirement; participate in a employee-sponsored retirement account like a 401 (k), or start an IRA.

"People feel that they can't make the moves they need to in their personal lives because of debt," Bradford said. "But I think anybody that I know that has sat down and made a budget and done everything they can to get [their debt] under control can usually reach their goals."

("The Risks of Cosigning a Student Loan" Continued...)

drew Weber of My Credit Counselor, where his work focuses on private student loans. "Cosigning is really co-borrowing," said Stacy Canan, assistant director of the Office for Older Americans at the federal Consumer Financial Protection Bureau (CFPB). According to CFPB estimates, 57 percent of people who have cosigned for a student loan are 55 or older.

Paying for a college education can pose difficult decisions for families, often pitting the student's dreams of the future against the parents' and grandparents' hopes — and financial needs — for retirement. "The worst is when it affects a relationship with a family member," said Weber. "In the worst cases, I've seen family members become estranged over this. That's just as important as the financial impact."

To minimize these dilemmas, experts offered three tips for people who are either considering cosigning or already have:

Go for federal loans first. "Don't cosign for private student loans unless you absolutely have to," said Weber. "You really should tap out on your federal loans before you turn to private loans." Students typically do not need a cosigner for federal loans, which in many cases also offer lower interest rates and better repayment options, including income-contingent options that can make monthly payments more manageable.

Stay in the loop about the loans. When problems do occur for cosigners, it's often because they weren't aware that the primary borrower wasn't keeping up on payments. "It's important for the cosigners to stay on top of what's happening with their loan," said Canan. A key complaint the CFPB has received from older cosigners is that lenders aren't answering their requests for information, meaning they sometimes can't determine a loan's status until late payments already resulted in penalties. "Cosigners then have to play catch-up on what's going on and what are my options," said Weber.

Try for a "cosigner release" or refinance the loan. Many private loans include language that will permit the cosigner to be removed from the loan after the primary borrower makes a set number of consecutive payments without falling behind. The conditions to get this release can be difficult to meet, however.

"All too often, the loan servicers are not following through with that option," said Canan. Weber, the student loan adviser, agreed. "I've never heard of anyone successfully doing it," he said. "I've heard of a lot who tried."

A more realistic option is for the primary borrower to refinance the student debt. During that process, the cosigner can be removed from the loan, Weber said.

CITATIONS

The Importance of Having an Emergency Fund

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