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My idea for a multi-purpose gift for loved ones is to resolve and carry through on putting your personal legal and financial affairs in order, ready for when someone needs to take over for you temporarily or permanently. Or put succinctly, "get it in place for the just in case." When we talk with our clients about creating or updating their estate plans, we can see that this can be depressingly gloomy for them, as we discuss difficult things such as disability, dementia, and death. What if we instead framed this discussion as a way to provide a real gift to loved ones just in case something unfortunate happens? Having your affairs and legal documents in place is a gift that helps loved ones during the most challenging times in life. From my personal and professional experience, having a comprehensive estate plan in place when life events happen is very much appreciated. It means that your loved ones can focus on what's important and not on what wasn't done. This is not the time for the "woulda, coulda, shoulda" conversation. Estate planning documents spell out who will take over if you are unable to manage your own affairs for any reason, even temporarily, and at death.

This is a New Year's resolution that is easy to keep and, more important, has a lasting impact for both you and your loved ones. There is a management concept known as having only SMART goals. SMART stands for Specific, Measurable, Achievable, Relevant, and Time bound (or timely or time-sensitive). Creating or updating your estate planning is an excellent example of setting a SMART goal. What will it take to set one or more SMART goal for organizing your financial matters to end up with legal estate planning documents (powers of attorney, a will, and perhaps a trust)? Your financial advisor can help with first steps, education, and advice that is personalized to your goals and situation.

Okay, admittedly this type of gift for your loved ones will not go over as well as a large TV, gaming system, or new car with a giant bow on it. Instead, it is a gift from the heart that could be priceless when needed. And it certainly is better than a gift card or random item from the checkout lane!

Sometimes a multi-purpose tool can be the best tool for the job! One final point is again to coordinate your estate planning with your financial advisor as well as your attorney. The best plans not only provide the legal authorities and protections you need, but also ensure that your financial planning aligns with your estate plan to avoid unintended consequences.

A Resolution... and a Gift!

By George F. Reilly, J.D., LL.M., CFP®
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Let's face it—chances are the ambitious New Year's resolution(s) you made or will make are already ignored, forgotten, or pushed off to some future date. And maybe you had no good ideas for a holiday gift to your loved ones and ended up with a gift card or something from the checkout lane. No judgments here, having been there myself!

Wouldn't it be great if you could get a do-over or mulligan on both the New Year's resolution and the holiday gift? And what if these could be combined into one thing? I remember an old (okay, more properly characterized as ancient) fake commercial on Saturday Night Live selling a wonder product that was both a dessert topping and a floor wax. As absurd as that idea is, we do like multi-purpose products. Think about the popularity of the Swiss Army knife for example.



Five Reasons to Consider Working in Retirement

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In the past, retirement has been portrayed as an ending, a grand exit from your years in the workplace. But the rules continue to shift. In 2022, labor force participation among those aged 65-74 is expected to reach about 32%, up from about 20% in 2002. ¹ As the Baby Boomer generation ages, more people view retirement as an opportunity to reduce their stress while enjoying the rewards of work in a whole new way. If you're considering retiring soon, here are a few ways it could be beneficial to continue working in some capacity.

1: Continued Income & Delayed Social Security Benefits

Perhaps the most obvious reason to continue to work in retirement is the financial benefit. The longer you work, the longer you receive a steady paycheck. This reduces the amount you need to draw from your savings, boosting financial stability.

Additionally, working during retirement may afford you the chance to delay receiving your Social Security retirement benefits. Social Security benefits become accessible as early as age 62 but increase each year up to age 70. (And a greater Social Security retirement benefit translates into more dollars for each annual cost-of-living adjustment.)

It is possible (and frequently advisable) to delay Social Security benefits even after you retire, but many people find this to be uncomfortable. They don't like the idea that they will draw more from their investment accounts in the early retirement years, even if they understand intellectually that this provides a more secure future. If

you feel this way, continuing to work in the first few years of retirement will not only help you reduce what you take from your retirement savings, it can help you avoid falling prey to mistakes with Social Security.

2: Improve Your Mental Health

Learning a new skill can help you maintain mental agility. Working, especially in a new job, is a great way to continue learning and improving your skillset. Staying engaged in work helps to build and maintain your mental faculties. This is widely believed to be an effective way to reduce the risk of developing dementia or Alzheimer's and ward off signs of aging.

3: Maintain Physical Health

Staying active during retirement years is crucial for continued health. Whether you choose to work full time or volunteer a few days a week, engaging in some form of work will help you keep your body moving. This can give you opportunities to stay balanced, strong, and healthy.

4: Sense of Purpose

Studies have shown that a sense of purpose has been found to lengthen lifespan and quality of life. ² Working on something you care about, starting a new business, or mentoring others can ward off depression and provide a healthy sense of fulfillment and direction in your later years.

5: Avoid Isolation

One risk associated with retirement is increased isolation, which has been linked with weakened physical health. ³ Working with others reduces this risk, giving you a chance to build connections and enjoy meaningful interactions.

There's a lot to consider before rejoining the workforce in retirement. These potential benefits can help you decide what's right for you.

1. <https://www.aarp.org/work/working-after-retirement/info-2015/work-over-retirement-happiness.html>

2. <https://www.psychologicalscience.org/news/minds-business/a-meaningful-job-linked-to-higher-income-and-a-longer-life.html>

3. https://www.washingtonpost.com/outlook/five-myths/loneliness-isolation-elderly-health-problems-myths/2021/01/08/10b732ae-509c-11eb-b96e-0e54447b23a1_story.html



Cryptocurrency- What's It All About?

By Cortney Giles, CFP®, EA, CRPC
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We covered a lot of ground in parts 1 and 2 of this three-part series on cryptocurrency. You may or may not be interested in using cryptocurrency as a means of exchange. But what about trading in it, directly or via mutual funds or ETFs?

If you're considering that possibility, know that, at this point:

- Cryptocurrency is a highly risky holding: For every cryptocurrency success story you read, there are plenty of other tales of woe.
- Cryptocurrency is not an investment; it's a speculative venture: Bottom line, cryptocurrency doesn't fit into our principles of evidence-based investing ... at least not yet.

Remember the Risks

All the transactional risks we covered in part 2 can also impact cryptocurrency traders. To recap, these include:

- Potential loss or theft of an underlying cryptocurrency you're holding
- Loss of equilibrium between a cryptocurrency's supply and demand
- Governmental regulation hobbling a cryptocurrency's growth potential [for example, Ripple (XRP)]
- The massive energy consumption required to mine cryptocurrency

That's a lot of potential buzz kill for your happily-ever-after holdings. These and other risks have translated into an extremely volatile ride for cryptocurrency traders, and one reason you might want to think twice before piling your life's savings into them.

Then again, every investment carries some risk. Without risk, there'd be no expected return. That's why we also need to address an important difference between evidence-based investing vs. speculative ventures. It has to do with how we evaluate future expected returns.

Setting Expectations

What's a bitcoin worth? A dollar? \$100? \$1 million? The answer to that has been one of the most volatile bouncing balls the market has seen since tulip mania in the 1600s. As described in a Wall Street Journal piece, bitcoin was trading for around \$7,000 per coin in early 2020. On April 14, 2021, the price topped \$64,000. By the time you're reading this piece, there's not much stopping it from being worth far more than that ... or far less. To illustrate this point, on May 20, 2021, it closed below \$41,000.

The problem is, there's really no way to establish meaningful expectations either way. In his ETF.com column, "Bitcoin & Its Risks," financial author Larry Swedroe summarized how market valuations typically occur: "With stocks, we can look at valuation metrics, like earnings yield. With bonds, we can use the current yield-to-maturity. And with assets like reinsurance or lending, for which there are decades of data, we have historical evidence to make the appropriate estimates. With bitcoin, none of the preceding analysis is possible. Bitcoin is purely speculation."

Here are others weighing in on the matter:

- "Bitcoin's fundamental value is zero. ... It's almost all speculative."— Steve Hanke, Professor of Applied Economics, Johns Hopkins University

- "[Bitcoin] is not a vehicle for investment, not a store of value, and not an inflation hedge. BTC is not a capital asset: it does not generate cash flows derived from economic returns on capital. Its extreme volatility invalidates claims of a reliable store of value and calls into question any inflation-hedging properties."— Alex Pickard, Vice President of Research, Research Affiliates
- "Bitcoin depends on the faith of investors and nothing more. It could equally well go to zero tomorrow if 10% of investors sold."— Eswar Prasad, Trade Policy Professor, Cornell University
- "You have to really stretch your imagination to infer what the intrinsic value of Bitcoin is. I haven't been able to do it. Maybe somebody else can."— Alan Greenspan, former Federal Reserve Chair

Investing vs. Speculating

In other words, we're not saying it's impossible to profit from trading in cryptocurrencies. But the attempt to do so more closely resembles a game of chance than an investment. In contrast, evidence-based investing enables us to create a unified portfolio we can manage according to YOUR individual goals and risk tolerances.

Evidence-based investing calls for the ability to:

Estimate an asset's expected return, based on relatively well-established fundamentals

- Factor in how different asset classes interact with one another within your total portfolio.
 - Provide ways to manage cash, and generate income and growth as part of a well-structured investment strategy.
- Cryptocurrency doesn't yet synch well with these parameters. It does have a price, but it can't be effectively valued for planning purposes.

Venturing Forward

All this said, what if you are still interested in trading in cryptocurrency for fun or potential profit? If so, here are key tips to consider:

- Treat it like an entertaining trip to the casino. Don't venture any more than you can readily afford to lose!
- Use only "fun money" outside the investments you need to fund your essential lifestyle.

If you do strike it rich, regularly remove a good chunk of the gains from the table to invest in your managed portfolio. That way, if a bubble bursts, you won't lose everything you've "won." (Also, set aside enough to pay any taxes you may have incurred.)

Making Sense of Cryptocurrency

This wraps up our three-part series on cryptocurrency. We hope it's helped you put this headline-grabbing subject in proper context. What other questions can we answer for you? Whether cryptocurrencies mature into mainstream transactional tools or they eventually wither on the vine, we remain available to assist you in managing your total wealth in whatever form it takes.





Series I Savings Bonds, a Safe High Yield Investment

By Robert Friedman, CFP®, CDFA®
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You've all heard the advice, perhaps from your parents, or your financial advisor: "Keep some savings in case the car or house requires an unexpected repair, there is a health emergency, or one faces unemployment. If you have an upcoming large, known purchase within two to four years, keep the required funds in a safe investment that won't fluctuate in value unexpectedly."

But where to keep such funds given today's current low interest rates? A local bank savings account or money market mutual fund paying close to 0.0%? An internet-based bank account paying 0.5%? A safe deposit box, or the perhaps nearest mattress? All look unattractive, especially given the current 5%+ inflation rate which will reduce the spending power of any savings that do not yield a return of at least that amount.

Where can one find a high-yielding investment guaranteed by the U.S. Government to provide safety yet protection against a decline in value if interest rates spike or the stock market collapses? It cannot be the U.S. Treasury Department, can it? Indeed, it is! Since 1998, the U.S. Treasury has been offering Series I Savings Bonds, whose rate of return reflects the current inflation rate and for which the principal and accrued interest can be withdrawn at any time. For the next six months, these bonds offer a guaranteed annual return of 7.12%.

While there are limitations on the maximum amount per year that can be purchased, \$10,000 per person plus up to \$5,000 per year of a tax refund in paper versions of the bonds per

taxpayer, including those filing Married Filing Jointly. Given this, a married couple could easily obtain more than \$40,000 of these savings bonds in a period no longer than one year.

The interest rate changes over time. It is high right now because inflation is high but could certainly reset at a lower rate in the future. Rates change every May 1 and November 1; the rate quoted at date of purchase is paid for the six months after purchase even if one purchases a bond a day before the rate is set to change; the next interest rate will be paid for months six to 12 of the bond's life.

The interest rate is composed of a fixed rate and an inflation adjustment. Right now, the fixed rate is 0.00% and a semi-annual inflation adjustment of 3.56% for an annual composite rate of 7.12%. Fixed rates since May 1, 2008 have been less than 1.00%, usually far less. Fixed rates had been as high as 3.60% from 1998 to 2008, an era of far higher interest rates.

The bonds earn interest for 30 years or until you cash them in. The interest is subject to federal income tax but not state and local tax, which makes them particularly attractive in places with high state and local taxes. They cannot be redeemed for the first twelve months after purchase but can be redeemed thereafter for the original principal plus the accrued interest, although if you cash them in within five years after purchase, you will forfeit the last three months of interest.

Where can one purchase these bonds? Simply type "TreasuryDirect" into your favorite search engine and on the TreasuryDirect website, click on "How to buy Series I" under individuals.

Series I Savings Bonds are far more attractive than a traditional bank account for an "emergency fund" or resources needed for a car or home down payment in the next few years, given current interest and inflation rates. Know that, if rates are no longer attractive, or the funds are required, the bonds can be redeemed after twelve months with at most a loss of the last three months of interest.



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