UNLOCKING

THE TREASURES TO FINANCIAL WELLNESS

Bearing the news about the nation's financial and physical wellness isn't always a welcome task. While finances and health may seem unrelated, the two are often closely intertwined, especially in the U.S.'s bustling, free-flowing marketplace where rising health-care costs sometimes take center stage.

The first stop on our diagnostic journey is a brief physical checkup. America's health-care report card looks painfully bleak, but not without hope, which may provide an encouraging parallel to our financial condition.

While more than 80% of adults fail to meet basic guidelines for aerobic and muscle-strengthening activities,[1] physical wellness appears to be rising slowly as a priority. Gym memberships, healthy diet selections, preventative care regimens, and functional medicine alternatives are gaining in popularity and becoming more commonplace in American lives.

The nation's financial report card is showing similarly dismal results, but with renewed interest in obtaining financial wellness. Can Americans turn this corner and revive their bottom line?

Americans of all ages have been missing the mark on their financial care. More than half of Americans have no retirement savings.[2] More than two-thirds of Americans have less than $1,000 in savings.[3] More than a third have no money in their savings.[4]

Can Americans salvage their economic statuses? How important is making financial wellness a priority, and what can Americans do to pump vitality into their finances?

First, let's take a look at the financial facts by the numbers:[5]

- **$71,258:** *the gross income of the average American household.*
- **$132,529:** *the average American household debt, which includes credit cards, mortgages, auto loans, and student loans.*
- **$5,000:** *amount of the average American's annual charitable giving.*
- **700:** *the average American's credit score.*
- **$96,288:** *the average American's 401(k) balance.*
- **5.5%:** *percentage of the average American's personal savings rate.*
- **18%:** *percentage of Americans who contribute to IRA accounts.*
- **$16,356:** *the average American's annual Social Security retirement benefit.*
- **40%:** *the percentage of the average worker's income Social Security was designed to replace.*

Second, let's take a look at two of the single largest lifetime expenditures: retirement[6] and health care.[7] The general rule of retirement income is to have available between 70-80% of your working income. Some analysts, however, say you should hit 100% of your annual working income levels during at least the first 10 years of retirement. Generally, spending habits don't significantly change during retirement. Some expenses may decline while others, such as traveling costs, may increase.

While the average retirement lasts 18 years,[8] a healthy, upper middle class couple may fare better: At least one has a 43% chance of making it to 95. That's 32 years based on the average 63-year-old retirement age. Doing the financial math paints a potentially austere picture for those who are unprepared to make the transition.

The nation's pricy health-care system presents a bleaker future for cash-strapped Americans. With annual U.S. health-care costs rising to $3.2 trillion,[9] the industry consumes nearly 18% of the U.S. gross domestic product.

The U.S. system is the world's most costly,[10] and Americans are footing the bill. The average annual per person cost is $10,345.[11] It was $146 in 1960.

What does that mean for the average retiree? Analysts advise that you should have at least $275,000 in the bank to cover out-of-pocket health-care costs during the course of your retirement.[12] That figure does factor in Medicare insurance, which takes effect at 65.

What about those who aren't retired or anywhere near retirement?

The average individual health insurance premium is about $321 a month; premiums for families are about $833.[13] Deductibles? Under individual plans it's about $4,358. For families it's about $7,983.

How about by age? How much are average monthly premiums for individuals in different age categories? It's $152 for those under 18; $177, 18-24; $239, 25-34; $303, 35-44; $400, 45-54; and $580, 55-64.

Of course, under President Trump's "Tax Cuts and Jobs Act," you won't have to get health insurance. The law rescinds the insurance mandates of the "Affordable Care Act."

However, the basic doctor's office visit (10 minutes with the doctor) will cost you $68.[14] If you're an established patient who will require a comprehensive evaluation (40 minutes with the doctor), you'll pay $234 with no insurance. A tetanus shot will cost $28. A new patient's eye examination will cost $234. Of course, those figures may vary depending on location, services, and other factors.

Prices rise considerably for more serious conditions. A knee replacement in Sacramento, California may cost you nearly $58,000. Or it could cost you $16,000 in Dallas, Texas.

What do you do if your financial health is on the anemic side? How do you create a strong bottom line to prepare for an uncertain financial future?

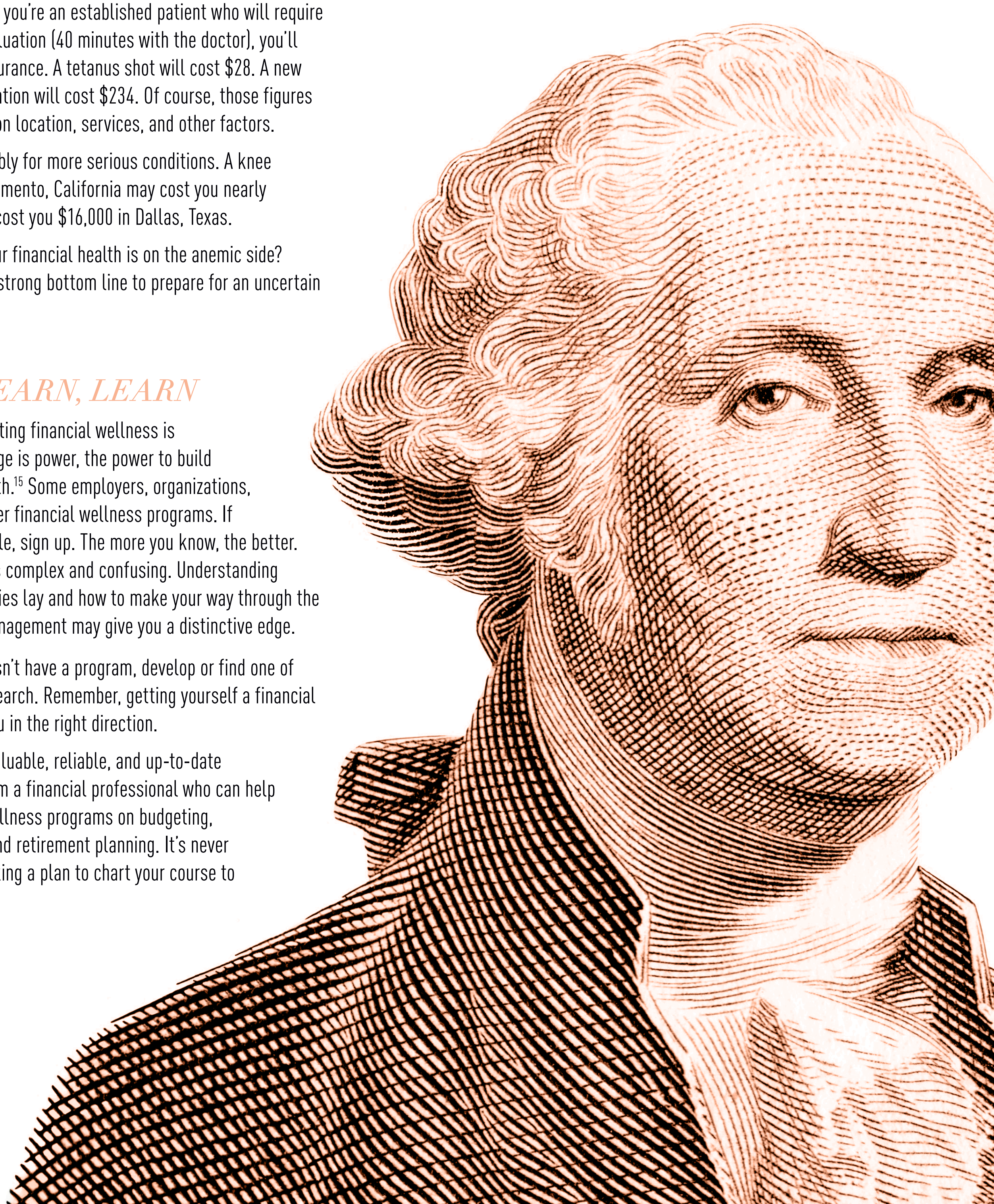
LEARN, LEARN, LEARN

The first step to creating financial wellness is knowledge. Knowledge is power, the power to build robust financial health.[15] Some employers, organizations, and communities offer financial wellness programs. If programs are available, sign up. The more you know, the better. The financial world is complex and confusing. Understanding where the opportunities lay and how to make your way through the muddle of money management may give you a distinctive edge.

If your employer doesn't have a program, develop or find one of your own. Do the research. Remember, getting yourself a financial education will set you in the right direction.

However, the most valuable, reliable, and up-to-date advice may come from a financial professional who can help you with financial wellness programs on budgeting, debt management, and retirement planning. It's never too late to begin making a plan to chart your course to financial wellness.

"MORE THAN TWO-THIRDS OF AMERICANS HAVE LESS THAN $1,000 IN SAVINGS"



CREATE A BUDGET

It may seem obvious, but building a budget may be the single, most important step to financial wellness. A budget allows you to monitor and manage your money and better develop plans to meet your goals, both short-term and long-term.

Financial professionals recommend using apps on your phones, online banking, spreadsheets, or old-fashioned pen and paper.

Budgets allow you to track income and expenditures and get a better understanding of financial habits that may be draining your pocketbook. Budgeting also enables you to spot positive habits and spending patterns that you may want to reinforce or enhance.

Budgets provide you with openings and opportunities to invest and to build savings; and balanced, sensible investment strategies developed with a financial professional can set you well on your way to a bright future.

Here are 5 steps for building a budget:[16]

1. **Net income.** *How much money do you have, and how much do you make? Determine your take-home pay, which is minus deductions for Social Security, taxes, 401(k)s, and other accounts. Add in any amounts from self-employment, freelancing, or part-time work.*
2. **Spending.** *Track and categorize your spending. That way you'll know exactly where you spend your money and get a better understanding of your outgoing financial habits. Start by listing your fixed expenditures, such as rent, mortgage, car payments, and utilities. Then look at your variable expenses, such as groceries, gas, and entertainment. Record your daily spending on paper, an app, your phone, or on your computer.*
3. **Plan creation.** *Chart your variable and fixed expenses to get an understanding of projected spending habits or trends. Gas expenses, for example, count as fixed (a need) while a magazine subscription counts as variable (want). You may detect high levels of spending on gas or entertainment expenses. The distinction is important later when making budget modifications.*
4. **Adjustments.** *Once your budget is completed, determine what changes you want to make to achieve your goals, which we'll explore more deeply in the next section. If your budget is tight, you can cut variable expenses to generate savings; remember the high spending levels on "entertainment." You can also look at cutting fixed expenses, which may require a little more creativity.*
5. **Keeping it active**. *Review your budget frequently, at regular intervals, to ensure you remain on track. Your budget may fluctuate—pay raises, paying off a debt, or eliminating a variable expense. More frequent reviews, such as weekly or even daily, may be best in the beginning as you become more focused and disciplined.*

SET GOALS

While budgeting establishes the foundation, setting goals sets the direction. Learning about money, debt, wealth management, and investing is good. But without goal setting you may lack the motivation to make it in the long run. Goal setting provides you with vision. You determine what you want to do and have in your life, and strict money management helps create the catalyst for shaping your future.

Here are ways to set lasting goals:[17]

SEEK INSPIRATION. Your goals have to possess more than merely your wants. You have to know why you want to set a particular goal. Attaching reasons to your goals will motivate you. Examples include saving money for a family vacation. But where do you plan to go? How will you get there? How about creating an emergency fund in case you lose your job. How much money do you want to have in a special emergency account? Eliminating credit cards, a very important goal, may make more money available for travel or for building your retirement fund. Dig into the details and put them on paper.

TAKE A CLOSER LOOK. You may not know where to start or how to prioritize. Start by looking at your immediate future. What about next week? Or next month? Then move on to next year. Look at how much you make, your taxes, and your net worth. Don't forget that all-important part, your budget.

BRACE FOR EMERGENCIES. Set aside enough money to cover 3-6 months of expenses. Say your annual income is $80,000; aim to set aside $20,000-$40,000 in savings.

CONTRIBUTE TO RETIREMENT. Many financial professionals recommend setting aside 15% of your gross income per year for retirement. Put more into your fund if you're closer to retirement. If you're 50 or over, you may contribute an additional $6,000 a year to your company's retirement account.[18]

ELIMINATE DEBT. Target the debt with the highest interest first, such as credit cards.

REWARD YOURSELF. Setting goals is a discipline and can be challenging. To keep yourself on track, reward yourself after reaching benchmarks and milestones. The reward will help provide an incentive to keep on moving forward.

BE "SMART." Include all the elements in your goal setting. Being "SMART" means setting goals that are specific, measurable, achievable, realistic, and time-bound.

MAKE IT WRITE. After you've hashed through your goals, put them down on paper, a worksheet, a spreadsheet, or other computer document or application. Monitor your progress periodically. Go into detail. Dig deep. Exactly how much money do you want to have set aside for each goal at each particular benchmark?

SAVE, SAVE, AND SAVE

Part of goal setting is saving. Saving a portion of your income helps develop discipline, provides financial security to manage unexpected expenses, and equips you to envision your future more clearly. Saving also applies—but is not exclusive—to preparing for your retirement.

If your company provides a retirement plan or 401(k), consider participating in it at the maximum level. Contributions to tax-deferred retirement plans indirectly help foster that budget discipline that will help ensure your future is more secure.

Savings helps keep you smooth and steady through life's emergencies and unexpected twists and turns. It also enables you to fulfill life's little dreams and desires.

Saving helps develop your ability to focus on both short- and long-term goals as opposed to meeting only immediate needs.

GET EXPERT HELP

Consult with a financial professional. Experts can provide insight and direction and help you develop a more disciplined approach to personal financial management. They can also provide you with the tools and help you paint your vision of a more secure and prosperous future.

We hope you found this guide interesting, informative, and encouraging. We make ourselves available as a resource to you and your family to help guide and equip you on your way to financial wellness.

We are happy to answer any of your questions about financial planning and developing budgets and goals. If you have questions about the information in this report, contact us today. We would be delighted to help.

Sincerely,

Financial Professional's Name
Designations
Title

Would someone you know benefit from receiving this communication? If so, call our office at Phone Number and share with us THEIR contact information, and we will be happy to send them a copy.

FOOTNOTES AND DISCLOSURES:

[INSERT YOUR BROKER/DEALER DISCLOSURES HERE] (i.e., Securities offered through "Your Broker/Dealer Name Here," Member FINRA/SIPC).

Information current as of January 16, 2018.

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Past performance does not guarantee future results.

Consult your financial professional before making any investment decision.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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SOURCES:

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Company Name

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